

5 PROPOSED SPECIAL CHARGE SCHEME FOR SOLAR SAVERS HOUSEHOLDS

FILE REFERENCE INT1767730

RESPONSIBLE GENERAL MANAGER Michael Ellis

AUTHOR Aruna Dias; Brett Munckton

RECOMMENDATION

1. Council give notice of its intention to declare a special charge in accordance with section 163 of the Local Government Act 1989 (Act) as follows:
 - a. 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 tenth anniversary of that day.
 - b. 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 Saver scheme, which:
 - i. 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
 - ii. 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.
 - c. The total:
 - i. cost of performing the function described in paragraph 1(b) of this resolution be recorded as \$36,497.69; and
 - ii. amount for the special charge to be levied be recorded as \$36,497.69, or such other amount as is lawfully levied as a consequence of this resolution.
 - d. The special charge be declared in relation to all rateable land described in the table included as Appendix A to this report, in the amount specified in the table as applying to each piece of rateable land.
 - e. 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(d) of this resolution.
 - f. The following be specified as the manner in which the special charge so declared will be assessed and levied:
 - i. 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 Saver scheme, in respect of which a Householder Agreement has been executed, totalling \$36,497.69, being the total cost of the scheme to Council;
 - ii. to be levied each year for a period of 10 years.
 - g. 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(d) of this resolution will, subject

to a further resolution of Council, pay the special charge in the amount set out in paragraph 1(f) of this resolution in the following manner:

- i. 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
 - ii. payment annually by four instalments to be paid by the dates which are fixed by Council in a notice levying payment under section 163(4) of the Act.
2. Approve the draft designs, estimates of costs and specifications generally describing the installation of solar electricity systems required to service properties as set out in Appendix A.
3. Approve the proposed advertisement in Appendix D and give notice of intention to declare a special charge in accordance with the proposed declaration set out in Attachment B to fund finalising authority agreements and fees, designs and specifications.
4. Adopt the assessment of the Benefit Ratio for the proposed special charge scheme to fund these works as set out in Appendix A of this report.
5. Council 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.
6. Council, for the purposes of having determined the total amount of the special charge to be levied:
 - a. 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
 - b. 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%.
7. Consider that declaration (Appendix C) at its meeting of the 11 December 2017 or such later date as necessary.
8. Appoint Cr Brett Owen, Cr Graeme Moore, and Cr Carol Ryan as a Committee with a quorum of two to hear and provide recommendations in relation to all submissions received pursuant Section 223 of the Local Government Act with respect to this scheme.
9. Public notice be given of Council's intention to propose the special charge in the form set out above, at its ordinary meeting to be held on Monday 11 December.
10. Separate letters, enclosing a copy of this resolution, Appendix C to this report and the public notice referred to in paragraph 4 of this resolution, are to be sent to the owners of the properties included in the scheme, advising of Council's intention to levy the special charge, the amount for which the property owner will be liable, the basis of calculation of the special charge, the special charge scheme process chart, and notification that submissions and/or objections in relation to the proposal will be considered by Council in accordance with sections 163A, 163B and 223 of the Act.
11. Determine the meeting of the Committee appointed to hear submissions be held commencing at 23 November 2017 or such later time as determined necessary by the General Manager Assets and Services.

12. Authorise the General Manager and Services to carry out the administrative arrangements to enable submissions to be heard and considered.
13. Approve the Public Notice as set out in the Appendix D to be advertised in the Pakenham- Berwick Gazette as a newspaper that may service the area.
14. The Council's Hearing of Submissions Committee be convened, at a date and time to be fixed, to hear persons who, in their written submissions made under section 223 of the Act, advise that they wish to appear in person, or to be represented by a person specified in the submission, at a meeting in support of their submission.
15. Aruna Dias, Environment Officer be authorised to carry out any and all other administrative procedures necessary to enable Council to carry out its functions under sections 163A, 163(1A), (1B) and (1C), 163B and 223 of the Act.

Attachments

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| 1 | List of properties | 1 Page |
| 2 | Householder agreements | 14 Pages |
| 3 | Letter to householder | 3 Pages |
| 4 | Proposed advertisement | 2 Pages |

EXECUTIVE SUMMARY

This report recommends Council initiate the declaration 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 Saver scheme.

The residential properties included in the proposed scheme have nominated to participate in the proposed scheme and have signed an agreement based on the quoted cost of the provision of a solar energy system at their property.

The total cost of the works is calculated at \$36,497.69 of which property owners will contribute the entirety over a 10 year period.

Recruitment of households included media releases, distribution of flyers and meetings with individual community groups such as the Emerald Community House, Hewitt Eco House and men's shed in Koo Wee Rup and the Bunyip Community Centre. Community interest was high and within four weeks of promotion the program was fully subscribed. The program coordinator continues to receive expressions of interest from residents. These details are being gathered to assist with future planning.

BACKGROUND

Under Section 163 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.

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 Appendix B).

In September 2004, the Minister for Local Government issued a guideline for the preparation of special charge schemes. The guideline specifically deals with the calculation of the maximum total amount that a council may levy as a special charge.

The guideline requires that Council identify the following:

- A. Purpose of the works
- B. Ensure coherence
- C. Calculate total cost
- D. Identify special beneficiaries
- E. Determine the properties to include
- F. Estimate total special benefits
- G. Estimate community benefits
- H. Calculate the benefit ratio
- I. Calculate the maximum total levy

A. Purpose of the Works

The purpose of the works is to supply and install solar energy systems on properties to reduce energy costs and encourage and increase the use of renewable energy in Cardinia Shire Council.

B. Ensure Coherence

The proposed works have a natural coherence with the proposed beneficiaries, as the properties proposed to be included in the scheme are receiving solar energy systems to the value of their participation.

C. Calculate the Total Cost

The proposed solar system installation includes the following items:

- Assessment and administration costs
- Supply and installation of solar energy systems

For the purposes of Section 163(1) of the Act, the total cost of the works is calculated at \$36,497.69 based on signed quotations.

The expenses in the estimate of works are consistent with the allowable expenses listed in section 163(6) of the Act.

D. Identify the Special Beneficiaries

Council is required to identify those properties that would receive a special benefit from the proposed works. A special benefit is considered to be received by a property if the proposed works or services will provide a benefit that is additional to or greater than the benefit to other properties.

The Ministerial Guideline notes that a special benefit is considered to exist if it could reasonably be expected to benefit the owners or occupiers of the property. It is not necessary for the benefit to be actually used by the particular owners or occupiers of a specified property at a particular time in order for a special benefit to be attributed to the property.

Property owners participating in the Solar Saver scheme are considered to receive special benefit from the proposed supply and installation of solar PV systems by means of:

- Reduced energy costs over the life of the solar PV system
- Ownership of the solar PV system after the special rate repayments are paid in full
- Increased property value

The proposed properties taking part in the scheme, the owners of which have signed a Householder Agreement with Council to participate in the scheme, are listed in Appendix A.

E. Determine Properties to Include

Once the properties that receive special benefit are identified, Council must decide which properties to include in the scheme. If a property will receive a special benefit but is not included in the scheme, the calculation of the benefit ratio will result in Council paying the share of costs related to the special benefits for that property.

It is accepted that only those properties at which the solar energy systems are installed will receive a special benefit from the scheme. Accordingly, it is proposed to include only those residential properties whose owners have signed Householder Agreements in the scheme. Council will not, then, be required to pay a share of costs related to special benefits for any property that is not included in the scheme.

F. Estimate Total Special Benefits

As per the Ministerial Guideline for Special Rates and Charges, total special benefits are defined according to the formula below:

$$TSB = TSB(in) + TSB(out)$$

- TSB is the estimated total special benefit for all properties that have been identified to receive a special benefit.
- TSB(in) is the estimated total special benefit for those properties that are included in the scheme
- TSB(out) is the estimated total special benefit for those properties with an identified special benefit that are not included in the scheme

For the purposes of the proposed scheme, total special benefits have been calculated as follows:

- TSB(in) – The estimated total special benefit is based on the quoted cost of the solar PV system to be installed (which has been included in the Householder Agreement signed by the property owner). It is expected that the benefit in reduced energy costs will exceed this special benefit.
- TSB(out) – This is not applicable as all participating properties are included.

G. Estimate Community Benefits

Whilst the reduction of energy use, greenhouse emissions and increase of renewable energy is considered a community benefit there are no direct quantifiable costs.

TCB – Total Community Benefit is assessed to be 0 benefit units

H. Calculate the Benefit Ratio

The benefit ratio is calculated as:

$$R = \frac{TSB(in)}{TSB(in) + TSB(out) + TCB}$$

Where:

$$TSB(in) = \$36,497.69$$

$$TSB(out) = 0$$

$$TCB = 0$$

R = 1

I. Calculate the Maximum Total Levy

In order to calculate the maximum total levy S, the following formula is used:

$$S = R \times C$$

Where R is the benefit ratio and C is the cost of all works

Therefore $S = 1 \times \$36,497.69 = \$36,497.69$.

Note there is no community benefit amount payable by Council.

Apportionment of Costs

Once the maximum levy amount has been calculated, it is necessary to establish an appropriate way to distribute these costs to all affected property owners.

As the properties have all received individual quotations based on the solar system and work required, it is proposed to apportion the costs based on these quotes. It is noted that the householders have been notified and signed agreements on the basis of these costs for the purpose of declaring this scheme.

It is proposed to distribute the costs as shown in Appendix A.

Statutory Process

The 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 has been 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.

POLICY IMPLICATIONS

This scheme is directly in line with an action in the Aspirational Energy Transition Plan related to renewable energy financing and reducing greenhouse gas emissions. It will support initiatives and issues identified in the Municipal Heat and Health Plan related to supporting the vulnerable from extreme heat by providing them with an affordable way to cool their homes.

RELEVANCE TO COUNCIL PLAN

The Council Plan (adopted April 2017) includes the following actions that support this project.

1.4 Improved Health and Wellbeing for All

- 1.4.4 Support children, young people, families, older adults and people of all abilities by providing a range of accessible services and facilities.

1.6 Increased Awareness of Safety

- 1.6.1 Work with the Police, Victorian Government and our community to improve safety in homes, businesses, public places and roads.

3.3 Enhanced Natural Environment

- 3.3.1 Adapt to the impacts of climate change by working in partnership with the South East Councils Climate Change Alliance and both Australian and Victorian governments.
- 3.3.3 Reduce Council's greenhouse gas emissions and help the community do likewise.

CONSULTATION/COMMUNICATION

The program was promoted to targeted pensioner households in receipt of the rebate on their rate payments. 11 homes have received home visits to provide quotations for the Solar Saver program. 11 participating households have all signed agreements to participate in the program based on quoted prices.

FINANCIAL AND RESOURCE IMPLICATIONS

This special rates charge is a voluntary charge that households will choose to be a part of due to the clear benefits it provides. The financial impact on Council will be the contribution of \$36,497.69.

The funds will be recovered via a special rates charge over a 10 year period, at a rate of \$3,649.77 per annum. The project team assisting with recruiting households to the program in the shire are funded through a Victorian Government grant from the new energy jobs fund.

CONCLUSION

It is recommended that Council initiate the declaration of 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. Following this the below future actions will take place.

- Public notice of proposed declaration
- Copies of the proposed declaration to property owners
- Copy of proposed declaration available for public inspection
- Copy of proposed declaration available on website
- Receipt of written submissions
- Hearing of submissions
- Report to Council

APPENDIX A

Apportionment of costs

Each listed property has been assessed as to the size of solar panel and installation costs and has been provided and agreed to the following quotation to have a solar energy system installed at their property for the following costs.

Property address	Cost
5 Mark Pl, Pakenham 3810	\$3,763.47
42 Cockatoo Rd, Pakenham 3810	\$3,116.65
26 Railway Ave, Tynong 3813	\$3,116.65
25 Boundary Rd West, Emerald 3782	\$4,538.91
28 Salmon Street, Koo Wee Rup 3981	\$3,116.65
13A Vista Ct, Gembrook 3783	\$3,116.65
Unit 8 11 Westlands Rd Emerald 3782	\$2,980.29
U 1/12 High St, Bunyip 3815	\$3,116.65
1 Nar Nar Goon-Longwarry Rd, Garfield 3814	\$3,534.83
23 Alexandra Ave, Koo Wee Rup 3981	\$2,980.29
15 Hayes Ct, Pakenham 3810	\$3,116.65
Total cost	\$36,497.69

APPENDIX C

Letter to households of intention to declare a special rates charge

*** 2017

Dear **HOUSEHOLDER NAME**,

INTENTION TO DECLARE SPECIAL CHARGE – SOLAR SAVER PROGRAM

Thank you for signing up to the Solar Saver Program. This is a letter to confirm that in accordance with your signed Household Agreement, Council has included your property in the proposed special charge scheme for the Solar Saver Program. Council needs to go through a formal process to consider the scheme and formally notify you of the process.

To formalise the process Council has given notice of its 'Intention to Declare a Special Charge' on October 16 2017. A copy of these resolutions, including Appendix A, which lists the properties proposed to be included in the scheme, is attached to this letter.

Council must place a statutory and legal advertisement in the local newspapers in accordance with the requirements of section 163(1) of the *Local Government Act (the Act)*. This gives an outline of the proposed Special Charge and declaration, which Council proposes to make at its meeting on 11 December 2017. A copy of this public notice is attached. The notice also explains how you can provide your submission to this proposal, including timelines.

Submissions and/or objections must be in writing and received by the Council by 2pm on 14 November 2017. Submissions and/or objections in relation to the proposal will be considered by Council in accordance with sections 163A, 163B and 223 of *the Act*. If the new Special Charge proceeds, the total cost of the scheme is \$36,497.69 and a special charge will be imposed on each property participating in the Scheme in respect of the executed Householder Agreement.

The total amount of the scheme applying to the property address at **HOUSEHOLDER ADDRESS**, is \$ **SYSTEM QUOTE PRICE**, which is the cost of the Solar Energy System included in the Householder Agreement. The amount payable quarterly by property owners is \$ **QUARTERLY PAYMENT** per quarter for a period of 10 years from 1 July 2018.

A special charge scheme process chart has been included with this letter to outline the special charge scheme process that is being used.

Thank you for your interest in this scheme. If you have any queries about the proposal, please contact Aruna Dias, Environment Officer on 0481916240 or A.dias@cardinia.vic.gov.au.

Yours Sincerely

Aruna
Environment Officer

Special Charge Scheme Process Chart

(Section 163 – Local Government Act 1989)

	Stage	Description
√	<i>Approval to prepare scheme</i>	Decision made to prepare scheme following the recruitment of eligible households. Scheme preparation involves program development and preparation of an apportionment of costs.
√	<i>Intention to Declare Scheme</i>	Report to Council providing information on scheme including advice of impending advertising of scheme and declaration of charge. Seeks Council approval by resolution to proceed with process.
	<i>Advertisement and Notification</i>	The scheme is advertised in the local newspaper and all allotted property owners are notified by mail. This advertisement and notification indicates Council's intention to 'declare' a scheme in a month's time and seeks submissions from affected property owners.
	<i>Submissions</i>	From the time of advertising, property owners have 14 days (as set down by the Act) to lodge submissions, either in support or opposition to the scheme. If intending to recover more than 2/3 of scheme cost from contributors, they have 28 days to object to the scheme.
	<i>Submissions Review Panel Hearing</i>	A Submissions Review Panel is convened (may be Committee of Councillors or whole Council) and meets to consider submissions. Some submissions are written only, and other submitters may wish to be heard before the Panel. The Panel makes a recommendation to Council regarding the scheme.
	<i>Abandonment of scheme</i>	The Panel may recommend to Council that the scheme be abandoned. After considering the Panel's report, Council may proceed to abandon the scheme following which property owners are notified and the scheme does not proceed.
	<i>Declaration Report</i>	Alternatively, the Panel may recommend to Council that the scheme proceed. After considering the Panel's report, Council may proceed to "declare" the charges in accordance with its advertised intent. Subsequent to this the Finance Manager issues the levy notices and there is a formal charge placed on the property. This is the final step in the process for Council to make a decision on the scheme.
	<i>Appeal</i>	Property owners may lodge an application for review with the Victorian Civil and Administrative Tribunal (VCAT) within one month of issue of the levy notice. An appeal is listed, heard and determined by the Tribunal and this process generally takes three to four months. Decisions made by VCAT are binding on all parties.
	<i>Construction</i>	Council may then proceed to construct the works. Invoices are issued within one month of commencement seeking payment of the estimated cost. The agreed schedule of payment requirements will be included.
	<i>Final Cost Report</i>	At the completion of the works the scheme is "finalised" taking into account actual costs incurred and payments are adjusted accordingly.

Appendix D

Cardinia Shire Council

Notice of Intention To Levy A Special Charge Solar Savers Program

Cardinia Shire Council

Notice of Intention to Levy a Special Charge for households participating in the Solar Savers program

In accordance with the provisions of the Local Government Act 1989 (Act) notice, it is hereby given that Cardinia Shire Council at its meeting on 16 October 2017 resolved to give notice of the intention to declare and levy a special charge under Section 163 of the Act.

The special charge is for the purpose of defraying the expenses incurred by council relating to the provision of solar energy systems of residential properties participating in the Solar Savers special charge scheme. These residential properties have signed an agreement based on the quoted cost of the provision of a solar energy system at their property.

The Scheme arises out of Councils function of advocating and promoting proposals which are in the best interests of the community and ensuring the peace, order and good government of Councils municipal district.

A copy of the proposed declaration, known as 'Proposed Special Charge Scheme for Solar Saver Program' is available for inspection at Councils Offices at 20 Siding Avenue, Officer during normal office hours until 14 November 2017.

The special charge is to be declared in relation to the properties listed in Appendix A to the report titled Proposed Special Charge scheme for Solar Saver Program, considered by Council at its ordinary meeting on 11 December 2017. A copy of the appendix forms part of the documents available for inspection at Council's offices.

The Scheme has been prepared on the basis that the participating property owners will receive 100% of the benefit. The total cost of the scheme is \$36,497.69 and a special charge will be imposed on each property participating in the Scheme in respect of which a Householder Agreement has been executed applies for a period of 10 years from 1 July 2018. The special charge will be calculated by reference to the site of the solar energy system being installed and the particular costs of installation at each property.

The special charge will be levied by notice forwarded to the property owner(s). Council will, by request, allow payment of the special charge by either full payment in a single lump sum or by quarterly instalments over 10 years, with the first payment due from 1 July 2018.

Any person may make a submission under Section 223 of the Act in relation to council's proposal to declare the special charge under Section 163 of the Act.

Any person who has made a written submission may also request that they (or a person acting on their behalf) be heard in support of their written submission. Such persons should indicate in their submission if they wish to be heard by council.

Council will consider and, if requested, hear support for all written submissions received before 2pm, 23 November 2017 at the Hearing of Submissions Committee at a date to be set.

Submissions should be addressed to:

Aruna Dias
Environment Officer
Cardinia Shire Council
20 Siding Avenue, Officer 3098

In addition to the right to make a Submission, participating property owners have the right to object to the proposed declaration in accordance with Section 163B of the Act. Such persons may object in writing to Council by 2pm, 23 November by sending their objection to the above address.

It is stressed that any submission should clearly state if the author wishes to be heard the Council, and whether the submission is a submission of support or comment only, or a formal Objection to the scheme as proposed.

It is proposed that Council will consider this matter at its Ordinary Meeting of 11 December 2017. Further information on this Scheme may be obtained Aruna Dias, Environment Officer on 0481916240.