

## **ATTACHMENT 4: Ministerial Guidelines for preparation of a special charge scheme**

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 (Section 163(1) of the Local Government Act).

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 Monash.

### **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 **\$52,993.52** 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 note 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 Savers 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 Attachment 1.

#### **E. Determine the 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:

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

Where:

$$\text{TSB(in)} = \$52,993.52$$

$$\text{TSB(out)} = 0$$

$$\text{TCB} = 0$$

$$R = 1$$

#### **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

$$\text{Therefore } S = 1 * \$52,993.52 = \$52,993.52$$

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 landowners.

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 Attachment 1 - Apportionment of costs.

### **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.

### **Disclosure of Interests**

The Local Government Act 2020 requires members of Council staff and persons engaged under contract to provide advice to Council to disclose any direct or indirect interest in a matter to which the advice relates.<sup>1</sup>