

4.6 REQUEST FOR CEO DELEGATION FOR ENVIRONMENTAL UPGRADE AGREEMENTS

Director: Ossie Martinz

RECOMMENDATION

That Council in accordance with the section 181H of the Local Government Act 1989, resolves to delegate to the Chief Executive (or anyone acting in the role of the Chief Executive from time to time) the power to:

- 1. Enter into an Environmental Upgrade Agreement on behalf of the Council.*
- 2. Declare and levy an Environmental Upgrade Agreement charge.*

INTRODUCTION

Environmental Upgrade Agreements are designed to enable businesses to take on energy efficiency actions in a cost effective manner.

At the October 2017 Council meeting (Attachment 1), Council endorsed their support to offer Environmental Upgrade Agreements (EUAs) to Monash businesses, and delegated to the CEO to sign off on an Agreement to work with the Sustainable Melbourne Fund (SMF) to pilot the process in 2018, and resolved:

“That Council:

- 1. Endorses Council officers to facilitate Environmental Upgrade Agreements with interested Monash businesses by partnering with the Sustainable Melbourne Fund.*
- 2. Provides approval for the CEO to sign the Partnership agreement for Environmental Upgrade program with the Sustainable Melbourne Fund to formalise the partnership.*
- 3. Notes that the program will be facilitated through the Eastern Alliance for Greenhouse Action (EAGA) and the Sustainable Melbourne Fund and will require \$10,000 over 2 years, in direct costs, plus officer time.”*

To obtain appropriate delegations for the Chief Executive (or anyone acting in the role of the Chief Executive from time to time) to enter into an environmental upgrade agreement with businesses on behalf of the council and declare and levy an environmental upgrade charge, the following needs to be undertaken, as per section 181H of the Local Government Act 1989, see below:

181H Delegation to Chief Executive Officer

- (1) A Council may, by instrument of delegation, delegate to the Chief Executive Officer the following powers —*
 - (a) The power to enter into an environmental upgrade agreement on behalf of the Council;*
 - (b) The power to declare and levy an environmental upgrade charge.*
- (2) The Chief Executive Officer must not delegate the power delegated to the Chief Executive Officer under subsection (1) to any other person.*

BACKGROUND

EUA is an agreement between a property owner, a bank and local government that facilitates a building upgrade to improve energy efficiency. EUAs allow for the tenants and building owners of commercial and industrial property to collaborate on energy, water and waste projects that will reduce the impact to the environment and reduce operating costs. Unlike other alternative finance options, EUAs allow tenants to contribute financially to the project where it makes sense to do so and help shape the project to best suit their needs. Importantly, EUA finance also offers 100% project finance, very competitive interest rates and long term finance.

DISCUSSION

Monash is the largest economic and employment generator outside the CBD and enjoys a lower unemployment rate than the state average. It is also host to a range of manufacturing, the largest employer, generating 13,838 FTE jobs in 2015/16 (Source: id Consulting) and intensive industry which has high energy requirements and are impacted by increasing energy costs. This program provides an opportunity to assist Monash businesses to reduce these costs and maintain their commercial strength.

To simplify the uptake of EUAs, council are required to formally delegate the signing of all agreements with businesses to the CEO. The updated report on uptake of EUAs will be presented to Council on a quarterly basis, but once the delegation is in place, each agreement will not need to go up to Council for approval.

To meet the requirements of the *Local Government Act 1989*, there also needs to be a formal endorsement of an environmental upgrade charge to be applied.

Feedback from SMF has shown there is already interest from a couple of Monash businesses for EUAs. A promotion campaign is currently being prepared to promote the initiative to other businesses, through the website and other media channels.

In Victoria, SMF has exceeded all expectations with the establishment of EUA partnerships in 18 municipalities, 29 Environmental Upgrade projects, \$1.2m annual savings for businesses and a reduction of 10,800 tonnes of emissions per annum.

Benefits for council

Benefits for City of Monash through EUA are:

- Prevention capital leakage from the municipality
- Creation affordable opportunity for business to address rising energy costs
- Stimulation of economic activity in the region through private sector funding
- Working with local businesses to achieve emissions reduction goals for the municipality
- Implementation of a low cost economic development and sustainability program
- Provide an opportunity to improve costs for our rate paying businesses

What are the benefits for Monash and Monash business enterprises?

Through implementing EUAs, Council will be taking an innovative step to pioneer a mechanism that provides opportunities and benefits to business ratepayers in the City of Monash to access attractive capital to improve their buildings. Upgrading buildings is a proven creator of local jobs and investment, increases environmental performance and hence asset value. Key benefits are outlined below:

- Protect businesses from rising energy prices.
- Replace old and inefficient equipment with newer more efficient technologies.
- Free up cash flow by locking in competitive long-term rates.
- Reduce business greenhouse gas emissions.

CONSULTATION

Addressed in previous Notice of Motion (Attachment 1)

FINANCIAL IMPACTS

As per the previous Notice of Motion, Council would need to contribute in-kind time to promote to businesses, and set up application of environmental upgrade charge on the business rates. The additional rates notice is voluntary, and it is estimated there will be 5-10 additional notices per annum. However it does provide new opportunity to engage and support Monash business ratepayers and municipal economic development.

CONCLUSION

To enable the efficient uptake of EUAs, that Council delegate to the Chief Executive (or anyone acting in the role of the Chief Executive from time to time) the power to:

1. enter into an Environmental Upgrade Agreement on behalf of the Council; and
2. declare and levy an environmental upgrade charge.

This is formalised by the signing of the Instrument of Delegation to CEO (Attachment 2).

ATTACHMENT 1

Notice of Motion - 7.4 Reducing energy costs for business through Environmental Upgrade Agreements

ATTACHMENT 2

Instrument of Delegation for CEO