



Ordinary Council Meeting Agenda

Tuesday 25 August 2020
Commencing at 7.00 pm

Virtual Meeting

HOBSONS
BAY CITY
COUNCIL



OUR MISSION

We will listen, engage and work with our community to plan, deliver and advocate for Hobsons Bay to secure a happy, healthy, fair and sustainable future for all.

OUR VALUES

Respectful

Community driven and focused

Trusted and reliable

Efficient and responsible

Bold and innovative

Accountable and transparent

Recognised

Council acknowledges the peoples of the Kulin Nation as the Traditional Owners of these municipal lands and waterways, and pay our respects to Elders past and present.

Chairperson:

Cr Colleen Gates (Mayor)

Wetlands Ward

Councillors:

Cr Sandra Wilson (Deputy Mayor)

Cherry Lake Ward

Cr Tony Briffa JP

Cherry Lake Ward

Cr Angela Altair

Strand Ward

Cr Peter Hemphill

Strand Ward

Cr Jonathon Marsden

Strand Ward

Cr Michael Grech

Wetlands Ward

Aaron van Egmond
Chief Executive Officer
Hobsons Bay City Council

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1 Council Welcome and Acknowledgement

The Chairperson will welcome members of the gallery and acknowledge the people of the Kulin Nation as the Traditional Owners of this land.

1.1 Virtual Meeting Protocols

Due to current COVID-19 restrictions, this Ordinary Council Meeting is being conducted virtually in accordance with the Virtual Meeting Policy 2020, and will be livestreamed on the Council website at <http://webcast.hobsonsbay.vic.gov.au>

1.1.1 Voting Method

Voting will be conducted by show of hands, as in the Council Chamber.

1.1.2 Absence from Meeting

If a Councillor leaves the meeting at any time for any reason other than for a conflict of interest, the Councillor will stand to indicate their intention to leave and then walk away.

If a Councillor needs to leave the meeting due to a declared conflict of interest, the Chairperson will remove the Councillor from the virtual meeting until the matter under discussion has been resolved. The Chairperson will then invite the Councillor back into the meeting.

If a Councillor cannot be seen or heard due to technical issues and cannot carry on as a participant in the meeting, the meeting will continue as long as a quorum remains.

If the quorum is lost, the meeting will be adjourned until the quorum can be returned.

The time that any Councillor leaves and returns to the meeting will be recorded in the minutes regardless of the reason for absence.

2 Apologies

The Chairperson will call for apologies received from Councillors who are unable to attend this meeting.

3 Disclosure of Interest

In accordance with sections 77A, 77B, 78 and 79 of the *Local Government Act 1989* Councillors are required to disclose a "conflict of interest" in a decision if they would receive, or could be reasonably perceived as receiving a direct or indirect financial or non-financial benefit or detriment (other than as a voter, resident or ratepayer) from the decision.

In accordance with section 79B of the *Local Government Act 1989* Councillors who consider that they have a personal interest that is in conflict with their public duty in relation to a matter may, if they do not have a conflict of interest as described above, apply to Council to be exempted from voting on the matter.

Disclosure must occur immediately before the matter is considered or discussed.

4 Confirmation of Minutes

4.1 Confirmation of Minutes

Confirmation of the minutes of the Ordinary Council Meeting of the Hobsons Bay City Council held on 11 August 2020 (copy previously circulated).

5 Councillor Questions

6 Public Question Time

Public Question Time provides an opportunity for the public to ask questions related to items on the agenda of the Council meeting or any other matter within Council's responsibility. Questions must be put in writing and received by 12pm on the day of the Council meeting.

7 Petitions and Joint Letters

7.1 Petitions and Joint Letters Received

8 Business

8.1 Corporate Services

8.1.1 Local Government Act 2020 Policy Suite

Directorate: Corporate Services

Responsible Officer: Coordinator Governance and Information Management

Reviewer: Director Corporate Services

Councillor Portfolio: Not Applicable

Attachments:

1. Hobsons Bay Governance Rules [8.1.1.1 - 89 pages]
2. Hobsons Bay Election Period Policy [8.1.1.2 - 20 pages]
3. Hobsons Bay Council Support and Expenses Policy [8.1.1.3 - 13 pages]
4. Hobsons Bay Public Transparency Policy [8.1.1.4 - 10 pages]
5. Hobsons Bay Public Interest Disclosures Procedure [8.1.1.5 - 37 pages]
6. Audit and Risk Committee Charter [8.1.1.6 - 14 pages]

Purpose

Implementation of the *Local Government Act 2020* requires Council to adopt a set of Governance Rules and to revise and develop a number of Council policies.

The endorsement of these policies will require the revocation of the existing Council policies they are designed to replace.

Recommendation

That Council:

1. **Adopts the Hobsons Bay Governance Rules and revokes the existing Meeting Procedure and Common Seal Local Law 2015, Public Question Time Policy, Audio Recording of Council and Committees (including Podcasting) Policy, Live Streaming Policy and Virtual Meeting Policy.**
2. **Notes that in accordance with section 60(7) of the *Local Government Act 2020* Council must adopt the Hobsons Bay Governance Rules by 1 September 2020 and that the Governance Rules will take effect from the conclusion of this Council Meeting.**
3. **Adopts and incorporates the Delegated Planning Committee Terms of Reference and procedures into the Hobsons Bay Governance Rules and revokes the Special Planning Committee Terms of Reference dated May 2018.**

4. **Adopts and incorporates the Hobsons Bay Election Period Policy into the Hobsons Bay Governance Rules and revokes the Election Period Policy dated 12 November 2019.**
5. **Notes that the Hobsons Bay Election Period Policy will apply from 12pm on 22 September 2020 until 6pm on Election Day (24 October 2020), inclusive.**
6. **Adopts the Hobsons Bay Council Support and Expenses Policy and revokes the Councillor Support and Expenses Policy, Councillor Development and Conference Policy and Family Care Policy – Councillors dated 19 February 2019.**
7. **Adopts the Hobsons Bay Public Transparency Policy.**
8. **Adopts the Hobsons Bay Public Interest Disclosures Policy and revokes the Protected Disclosures Procedure and Guidelines dated 13 August 2013.**
9. **Adopts the revised Audit and Risk Committee Charter and revokes the existing Audit Committee Charter dated August 2019.**

Summary

The *Local Government Act 2020* requires Council to develop Governance Rules and write and review a number of policies including its Audit Committee Charter in order to meet the provisions of the new Act. It was Council's intention to adopt the Governance Rules in accordance with section 60(7) of the Act by no later than 1 September 2020 but defer the implementation of these rules until after the upcoming elections. However, further advice on this matter has indicated that the Governance Rules must come into force as soon as they are adopted by resolution of the Council. It is proposed that the Governance Rules take effect from the conclusion of the Council Meeting at which they are adopted.

Background

The *Local Government Act 2020* was passed into legislation on 24 March 2020 and commenced, in part, on 6 April 2020.

The objectives of the *Local Government Act 2020* are to ensure that local government continues to be a democratically elected tier of government, that councils are accountable, transparent, collaborative, efficient and engaged with their communities and have the functions and powers necessary to perform their role.

In performing its role, a council must consider the following governance principles:

- the relevant law
- best outcomes for the community, including future generations
- economic, social and environmental sustainability, including mitigation and planning for climate change risks
- engaging the community in strategic planning and strategic decision making
- innovation and continuous improvement
- collaboration with other councils and governments
- ongoing financial viability

- taking into account regional, state and national plans and policies in strategic planning and decision making
- transparency of council decisions, actions and information

The following supporting principles must also be considered:

- community engagement principles
- strategic planning principles
- financial management principles
- public transparency principles
- service performance principles

Discussion

Hobsons Bay Governance Rules

The Hobsons Bay Governance Rules (the Governance Rules) have been developed in accordance with the requirements of section 60 of the *Local Government Act 2020* and in consideration of the overarching governance principles and supporting principles contained within section 9 of the Act.

The Governance Rules have been prepared based on the existing Meeting Procedure and Common Seal Local Law 2015 and the requirements of the *Local Government Act 2020*.

These Governance Rules will include all the ancillary Council policies as they relate to the conduct of Council meetings. It is the intention that the Public Question Time Policy, Audio Recording of Council and Committees (including Podcasting) Policy, Live Streaming Policy, Virtual Meeting Policy and the Delegated Planning Committee Terms of Reference will be incorporated into the Governance Rules.

The Hobsons Bay Election Period Policy

Section 69 of the *Local Government Act 2020* requires Council to include an election period policy in its Governance Rules. The policy sets out the procedures to be applied by Council during the election period for a general election.

The purpose of the Hobsons Bay Election Period Policy is to ensure that the ordinary business of local government by Hobsons Bay City Council continues throughout the election period in a responsible and transparent manner, and in accordance with statutory requirements and established caretaker conventions. These conventions are intended to ensure that councils and Councillors will not use public resources in election campaigning or make major policy decisions that may bind the incoming Council.

The policy has been updated to reflect the legislative provisions of the *Local Government Act 2020*. It applies to the upcoming election period beginning at 12pm on 22 September 2020 and ending at 6pm on Election Day, 24 October 2020.

Under section 69(2) of the *Local Government Act 2020*, an election period policy must prohibit any Council decision during the election period for a general election that:

- (a) relates to the appointment or remuneration of the Chief Executive Officer but not to the appointment or remuneration of an Acting Chief Executive Officer

- (b) commits Council to expenditure exceeding one per cent of Council's income from general rates, municipal charges and service rates and charges in the preceding financial year
- (c) Council considers could be reasonably deferred until the next Council is in place
- (d) Council considers should not be made during an election period

An election period policy must also prohibit any Council decision during the election period for a general election or by-election that would enable the use of Council resources in a way that is intended to influence, or is likely to influence, voting at the election.

Section 123 of the *Local Government Act 2020* prescribes serious penalties for any Councillor who inappropriately makes use of their position or information obtained in their role to gain an advantage for themselves or any other person, or to disadvantage another.

Hobsons Bay Council Support and Expenses Policy

Section 40 of the *Local Government Act 2020* requires Council to adopt and maintain an expenses policy in relation to the reimbursement of out-of-pocket expenses for Councillors and members of delegated committees.

Section 8 of the *Local Government Act 2020* sets out the role, functions, duties and powers of a council. Section 28 of the Act defines the role of a Councillor. Section 39 of the Act provides for payment of annual allowances to Mayors and Councillors.

Council's existing expense related policies are largely compliant with the requirements of the *Local Government Act 2020*. This policy brings together the previously adopted Councillor Support and Expenses Policy, Councillor Development and Conference Policy and Family Care Policy – Councillors to create the Council Support and Expenses Policy.

Hobsons Bay Public Transparency Policy

In accordance with section 57 of the *Local Government Act 2020*, all councils are required to develop a public transparency policy by 1 September 2020 that gives effect to the public transparency principles contained in section 58 of the Act.

The policy describes the information that Council will make publicly available and how information held by Council can be accessed.

In making information available to the public, consideration will also be given to confidentiality in accordance with the *Local Government Act 2020* and compliance with other legislation such as the *Privacy and Data Protection Act 2014* and *Freedom of Information Act 1982*. Council will need to consider, on a case-by-case basis, whether releasing certain information is likely to cause harm to any person or is not in the public interest to do so.

Hobsons Bay Public Interest Disclosures Policy

The *Protected Disclosure Act 2012* has changed in name to the *Public Interest Disclosure Act 2012* (PID Act).

Hobsons Bay City Council is deemed by the PID Act to be an organisation that can receive disclosures. Council can only receive and deal with disclosures which concern Hobsons Bay City Council as an organisation and its Council officers.

This policy supports any person making a public interest disclosure to the extent that Council is committed to the aims and objectives of the PID Act. Council does not tolerate improper conduct by its employees or Councillors and will not accept reprisals against those who come forward to disclose such conduct.

Public interest disclosures are reports about improper conduct of public bodies or public officers (such as corrupt conduct) or detrimental action that a public body or public officer has taken against a person in reprisal for them (or another person) having made a public interest disclosure or cooperating with the investigation of a public interest disclosure.

Any member of the public or an employee of Hobsons Bay City Council can make a public interest disclosure if they reasonably believe that Council or its employee or a Councillor has engaged in, or proposes to engage in, improper conduct.

Where a disclosure is incorrectly received by Council, the PID Act allows for Council (as the wrong receiving entity) to redirect the discloser to another receiving entity without the discloser losing the protections under the PID Act.

Hobsons Bay Audit and Risk Committee Charter

Council's Audit and Risk Committee is an advisory committee of Council, appointed under section 53 of the *Local Government Act 2020*. The committee comprises three independent members and two Councillors. The Chairperson is an independent member who has the casting vote. The Mayor and Chief Executive Officer are non-voting members.

The committee meets at least quarterly throughout the year and has a Charter that addresses responsibilities including risk management, control frameworks, external accountability, legislative compliance and internal and external audits.

Officers have reviewed the existing Charter in accordance with the requirements of sections 53 and 54 of the *Local Government Act 2020* and have proposed a number of changes that ensure the Charter remains contemporary and supports exceptional governance practices.

Strategic Alignment

This report specifically addresses priorities from the following strategic documents:

Council Plan 2017-21

Goal 4: A Council of excellence

Objective 4.2: Be a more efficient and effective organisation by having a strong focus on continuous improvement, innovation, strategic planning and responsible financial management.

Policies and Related Council Documents

- Public Question Time Policy
- Information (Access and Use) Policy
- Virtual Council Meetings Policy
- Audio Recording of Council and Committee Meetings Policy (including Podcasting)

- Livestreaming and Publishing of Council Meetings Policy
- Council Election Period Policy
- Statement under Part II of the *Freedom of Information Act* 1982
- Hobsons Bay City Council Public Interest Disclosures Procedure
- Councillor Code of Conduct
- Employee Code of Conduct
- Privacy Policy

Legal/Statutory Obligations and Risk

In accordance with the requirements of the *Local Government Act* 2020 the Governance Rules, all the policies and the revised Audit and Risk Committee Charter included in this report are required to be endorsed by Council by 1 September 2020.

Financial and Resource Implications

There is no direct financial impact arising from this report.

Environmental, Social and Economic Impacts

All policies presented for endorsement are based on the principles of good governance and open and accountable conduct. It supports Council's commitment to making decisions in a transparent way and improving the public's awareness regarding the availability of Council information.

Consultation and Communication

The Governance Rules, all policies and the Audit and Risk Committee Charter have been developed in accordance with advice from Local Government Victoria and in consultation with the local government sector, Council's Executive Leadership Team and Councillors.

The policy suite was made available on the Council website to seek community feedback prior to adoption by Council. No feedback was received.

Declaration of Conflict of Interest

Section 80C of the *Local Government Act* 1989 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.

Council officers involved in the preparation of this report have no conflict of interest in this matter.

8.1.2 Adoption of Annual Budget, Rating Strategy and Strategic Resource Plan for 2020-21

Directorate:	Corporate Services
Responsible Officer:	Chief Financial Officer
Reviewer:	Director Corporate Services
Councillor Portfolio:	Not Applicable
Attachments:	<ol style="list-style-type: none">1. Annual Budget 2020-21 [8.1.2.1 - 66 pages]2. Fees & Charges - 2020-21 [8.1.2.2 - 31 pages]3. Detailed Capital Works Program 2020-21 [8.1.2.3 - 7 pages]4. Rating Strategy 2020-21 [8.1.2.4 - 40 pages]5. Strategic Resource Plan 2020-21 [8.1.2.5 - 19 pages]

Purpose

To adopt the Annual Budget (Attachments 1-3), Rating Strategy (Attachment 4) and declare rates and charges for the year ending 30 June 2021 and adopt the Strategic Resource Plan for the period of four years ending on 30 June 2024 (Attachment 5).

Recommendation

That Council, having given public notice of the preparation of a Proposed Annual Budget and having considered submissions received pursuant to section 223 of the *Local Government Act 1989*:

1. Adopts the Annual Budget 2020-21 annexed to this report as Attachments 1-3, in accordance with section 130 of the *Local Government Act 1989*.
2. Adopts the Rating Strategy 2020-21 annexed to this report as Attachment 4.
3. Adopts the Strategic Resource Plan for the period of four years ending on 30 June 2024 annexed to this report as Attachment 5.
4. Authorises the Chief Executive Officer to give public notice of the decision to adopt the Annual Budget 2020-21 in accordance with section 130(2) of the *Local Government Act 1989*.
5. Declares Rates and Services Charges totalling \$112.066 million (refer to section 4.1.1 of Annual Budget 2020-21) for the year ending 30 June 2021 in accordance with section 158(1) of the *Local Government Act 1989* as follows:
 - a) A general rate to be declared in respect of the 2019-20 financial year, raised by the application of differential rates as follows:
 - i) A general rate of 0.2191 cents in the dollar on Capital Improved Value (CIV) of all rateable residential properties;
 - ii) A general rate of 0.3505 cents in the dollar on CIV of all rateable vacant residential properties;

- iii) A general rate of 0.5039 cents in the dollar on CIV of all rateable commercial properties;
 - iv) A general rate of 0.7449 cents in the dollar on CIV of all rateable industrial properties;
 - v) A general rate of 0.8763 cents in the dollar on CIV of all rateable petrochemical properties;
 - vi) A rating concession of 0.0986 cents in the dollar on CIV of all rateable recreational properties.
- b) Under section 171(2) of the *Local Government Act 1989*, provide a one-year adjustment to rates for all rateable residential and recreational properties and eligible commercial and industrial properties impacted by COVID-19 to ensure that the average rate is less than the previous year for each of these rating categories.
- c) Under section 171(1)(a) of the *Local Government Act 1989*, provide a waiver of:
 - i) \$100 for all residential properties occupied by a ratepayer who is an eligible Department of Veteran Affairs Gold card recipient; OR
 - ii) \$75 for all residential properties occupied by a ratepayer who is an eligible Centrelink pension card recipient (excluding healthcare).
- d) Declares an annual service charge on properties, in accordance with section 158(1) of the *Local Government Act 1989* for the collection, disposal and processing of garbage, recycling, garden waste and hard waste for the year ending 30 June 2021 to be raised as follows:

\$227.00	Standard (base waste service charge for four bins: 120L rubbish, 120L food and garden, 120L glass, 240L mixed recycling)
\$193.00	Shared (properties in MUDs/apartments/villages with shared bins)
\$90.00	U1 (upsized to 240L rubbish bin)
\$30.00	U2 (upsized to 240L food and garden bin)
\$230.00	A1 (additional 240L rubbish bin)
\$140.00	A2 (additional 120L rubbish bin)
\$90.00	A3 (additional 240L recycling bin)
\$140.00	A4 (additional 240L food and garden bin)
\$110.00	A5 (additional 120L food and garden bin)
\$60.00	A6 (additional 120L glass bin)

6. In accordance with section 158(4) of the *Local Government Act 1989* requires that general rates and annual service charge must be paid by four instalments made on or before the following dates.

Instalment 1 30 September 2020

Instalment 2 30 November 2020

Instalment 3 28 February 2021

Instalment 4 31 May 2021

7. In accordance with section 172 of the *Local Government Act 1989*, requires persons to pay interest on any general rate or annual service charge, which that person is liable to pay and has not been paid by the date specified for payment.
8. Authorises the Revenue Administrator of Council to levy and recover the general rates, annual service charges and interest where applicable in accordance with the *Local Government Act 1989*.
9. Responds to all submitters to the budget.

Summary

Council's recommended Annual Budget and Rating Strategy for 2020-21 as well as the Strategic Resource Plan for the period of four years ending on 30 June 2024 are provided as attachments to this report and are presented for adoption.

The budget as presented has been amended since it was proposed and advertised for public comment. Changes have been made to reflect adjustments required to operating and capital items. In addition, changes have been made in response to submissions made by the community, particularly in relation to the proposed rate increase.

The recommended budget is based on an operational surplus of \$23.762 million for the year, although this does not include Council's significant investment in capital expenditure of \$67.566 million for 2020-21.

Operating surpluses are required to ensure that Council remains financially viable to fund current and future commitments, including the Ten Year Capital Works Program. After funding capital works and other non-operational or non-cash items, a \$4 million financial (funding determination) deficit has been calculated.

Despite the predicted operational surplus, Council's cash and investment reserves are expected to decline by \$22.794 million during 2020-21.

The financial results have been affected by the coronavirus (COVID-19) pandemic. Council has used the additional time provided by the Victorian Government to complete its budget and to evaluate the impact of COVID-19. A third Community Support Package of over \$5.2 million has been developed. This includes an automatic rate adjustment to offset the rate increase by handing \$2.2 million straight back to eligible ratepayers.

The package also provides further support for businesses and economic recovery (\$1.965 million) and community recovery (\$943,000). The third package continues to provide interest-free rate deferrals for any resident or business suffering financial hardship as a

result of COVID-19, in line with the recently adopted Hardship Policy, and provides relief to those most impacted by COVID-19.

The Annual Budget and Rating Strategy for 2020-21 as well as the Strategic Resource Plan for the period of four years ending on 30 June 2024 are based on an increase to general rates of 2 per cent, in accordance with the Victorian Government rate cap legislation. The general rate increase is completely offset by the automatic rate adjustment for all residential properties. Other property types most impacted by Covid-19 will also be provided with an automatic rate adjustment. The result is that the average rates for all rating categories (except for Petro-chemical) have decreased when compared to the previous year.

While waste service charges are exempt from the rate cap, an increase of 2 per cent is also planned for the base waste service charge. The charges for 2020-21 do not cover the cost of providing the waste service as Council has decided to recoup its considerable investment in expanding its waste service over a number of years.

Rates in 2020-21 will be based on new 2020 valuations, meaning rate changes will vary across the differential rating categories and individual properties. The overall average property valuation in Hobsons Bay has decreased by 0.93 per cent, while the average residential property valuation has decreased by 1.87 per cent.

There is a common misconception that as properties are revalued, Council receives a “windfall gain” of additional revenue. This is not the case, as the revaluation process results in a redistribution of the rate burden across all properties in the municipality. Total income from rates (excluding waste service charges) is determined by the rate cap. In simple terms, as property values increase, the rate in the dollar is reduced.

The Strategic Resource Plan includes financial and non-financial resources (including human resources) for the next four financial years to achieve the strategic objectives in the Council Plan. It is reviewed annually in line with the Annual Budget. Any changes made by Council in regard to the adoption of the Annual Budget 2019-20 will also need to be reflected in the Strategic Resource Plan.

While the 2020-21 budgeted operational surplus is a strong result, there is a shortfall in the funding available for the Ten Year Capital Works Program. The program has therefore been reduced in line within the current financial limitations. Council is working to reduce this funding gap, but a few projects in future years remain unfunded now.

Council has a strong history of being financially sustainable and managing service delivery within its means. As revenue constraints outside of Council's control are applied and as the level of organisational maturity increases in the area of asset management, a higher degree of work is required on service planning. This work should ensure that Council remains in a reasonable financial position throughout the duration of its Long Term Financial Plan and delivers the most relevant mix of services to support the Hobsons Bay community.

Background

The annual budget process commenced in September 2019 when Council undertook its 2020-21 pre-budget consultation, providing an opportunity for community members to submit their ideas. The Annual Budget 2020-21 brings together all the elements that have influenced its development, including community consultation processes; strategic priorities; Capital Works Program; rating strategy and rate modelling; operational budget; and fees and charges.

The Proposed Annual Budget 2020-21 and the Proposed Rating Strategy 2020-21 were initially presented to the Ordinary Council Meeting on 14 April 2020. At the meeting Council noted the Victorian Government extension for councils to complete their budgets by 31 August 2020 and resolved to use the additional time to analyse and further revise the Proposed Annual Budget 2020-21.

The Proposed Annual Budget 2020-21 and the Proposed Rating Strategy 2020-21 were adopted by Council on 23 June 2020. Submissions were invited from the public and Council received 66 submissions in relation to the proposed budget. The submissions were presented to Council on 11 August 2020 and six submitters who requested to do so, spoke in support of their submissions.

The Victorian Government has implemented an inflation-based rate cap, the Fair Go Rates System, which has been overseen by the Essential Services Commission since 2016-17. The rate cap for 2020-21 is 2 per cent, down from 2.5 per cent in 2019-20.

Discussion

The Annual Budget 2020-21 as appended has been changed since it was proposed and advertised for public comment, as a result of additional information received. The operational surplus of \$23.762 million is a reduction of \$1.538 million from the proposed budget operational surplus.

Income has been increased by \$4.937 million, mainly as a result of the Working For Victoria grant expected to be received from the Victorian Government (\$5.969 million). Additional income has also been included for statutory planning fees (\$117,000) and user fees for aged care due to the reintroduction of private business (\$11,000). Additional capital grant income has been included for the Altona Tennis Club precinct (\$1 million) and the foreshore renewal and upgrade program (\$275,000), while it has been reduced for floodlighting at Bruce Comben Reserve (\$50,000).

Income in relation to rates has been reduced due to the automatic rate adjustment for all residential properties and other properties most impacted by Covid-19 (\$2.226 million) and an increase to pensioner rebates (\$158,000).

Operational expenses have been increased by \$6.475 million with additional costs included for Working For Victoria (\$6.156 million), the business precinct support campaign (\$150,000), metro access (\$142,000) and aged care to deliver private business (\$27,000).

Capital works expenditure of \$67.566 million is a reduction of \$300,000 from the proposed budget. Construction of HD Graham Reserve facility has been phased over two financial years (\$2.3 million) while the Solar Program has been increased as a result of the Renewable Energy - Solar Photovoltaic Rollout (\$2 million). Road rehabilitation at Truman Street (\$930,000) has been replaced with the Merton Street road rehabilitation project (\$930,000).

Sixty-six responses were received as a result of the legislated public comment process in relation to in the 2020-21 Annual Budget. In summary there were:

- 47 submissions in relation to the rate increase and Council has responded by including an automatic rate adjustment for all residential properties and other properties most impacted by COVID-19
- 13 submissions in relation to capital works. These submissions are supported and are either included in the budget / Ten Year Capital Works Program or will be scoped

for further review, advocated by Council on behalf of the submitter or are encouraged to apply for funding via Council's increased Community Grants Program

- 4 submissions in relation to rent relief and fee waivers. Three have been supported and are included in the budget, while one submission is not supported.
- 2 submissions in relation to operational expenditure are supported, one is included while one is encouraged to apply for funding via Council's increased Community Grants Program.

All submitters will receive an individual response following Council consideration of the final budget.

Valuation changes

The Proposed Rating Strategy 2020-21 is based on valuations and waste levies provided on 27 May 2020. It is based on the current rating structure (i.e. no changes to differentials) and waste service charges that will not fully recover costs for several years.

The strategy highlights that the average residential property valuation has decreased, while the average industrial and commercial properties have experienced slight property value growth. The overall average valuation decrease is 0.93 per cent, but this varies for each rating category as follows:

- residential ▼ 1.87 per cent decrease
- residential vacant land ▼ 3.21 per cent decrease
- commercial ▲ 2.45 per cent increase
- industrial ▲ 7.27 per cent increase
- petrochemical ▼ 0.27 per cent decrease
- cultural and recreational ▼ 0.08 per cent decrease

Rate changes

The average general rate increase is 2 per cent, consistent with the rate cap. Council has also applied a rate adjustment for 2020-21, reducing rates to eligible properties by an estimated \$2.226 million. This reduction (2.18 per cent) is greater than the rate increase applied under the rate cap.

In addition, Council has reduced the rate differentials for the commercial (2.40 to 2.30) and industrial rating categories (3.57 to 3.40) to reduce the rates burden shift to these properties as a result of the January 2020 revaluation.

After taking into the account the changes to the differential rating structure, general rates and the rate adjustment for COVID-19, the average rate changes for almost all rating categories decrease as follows:

- residential ▼ 0.17 per cent decrease
- residential vacant land ▼ 0.31 per cent decrease
- commercial ▼ 1.91 per cent decrease
- industrial ▼ 0.02 per cent decrease
- petrochemical ▲ 2.64 per cent increase
- cultural and recreational ▼ 0.27 per cent decrease

Should additional assistance be required, it can be provided through Council's revised Financial Hardship Policy and/or COVID-19 Financial Assistance Policy.

Rate notices will also include the waste services charges and the Fire Services Property Levy that Council collects on behalf of the Victorian Government. This levy is not regarded as Council income and is not included within the figures outlined in the Proposed Rating Strategy 2020-21. Additionally, the levy is not subject to the rate cap.

Councils across Australia raise approximately 3.5 per cent of the total taxation collected by all levels of Government in Australia. Unlike other taxes, most rates collected by local governments are spent directly within the local community. In addition, councils are entrusted with the maintenance of more than 30 per cent of the Australian public assets including roads, bridges, parks, footpaths and public buildings. This means that a large proportion of Council's income must be allocated to the maintenance and replacement of these valuable public assets in order to ensure the quality of public infrastructure is maintained at satisfactory levels.

The key objective of the Strategic Resource Plan is financial sustainability in the medium to long term while achieving Council's strategic objectives as specified in the Council Plan. The key financial objectives that underpin the SRP are:

- generally maintaining existing service levels
- achieving operational surpluses each year
- maintaining a robust Capital Works Program with a focus on asset renewal
- achieve balanced financial (rate determination) results
- after initial decreases to cash reserves, increases are required to consider increasing future commitments

Strategic Alignment

This report specifically addresses priorities from the following strategic documents:

Council Plan 2017-21

Goal 4: A Council of excellence

Objective 4.2: Be a more efficient and effective organisation by having a strong focus on continuous improvement, innovation, strategic planning and responsible financial management.

The Annual Budget and Rating Strategy for 2020-21 as well as the Strategic Resource Plan for the period of four years ending on 30 June 2024 are all aligned with the Long Term Financial Plan. Efforts are also being made to align these documents to the Ten Year Capital Works Program. The difference between the Ten Year Capital Works Program and the funding available for capital works in the Long Term Financial Plan continues to be reduced.

Policies and Related Council Documents

The Annual Budget 2020-21 has been determined within the financial constraints of Council's Rating Strategy, Strategic Resource Plan, Long Term Financial Plan and Ten Year Capital Works Program priorities.

Individual items within the budget may pertain to a Council policy or strategy and, where appropriate, this was reflected in the formal consideration of that item.

Legal/Statutory Obligations and Risk

Council must prepare an Annual Budget for each financial year in accordance with section 127 of the *Local Government Act* 1989 and the Local Government (Planning and Reporting) Regulations 2014 (the Regulations).

The format of the budget document is based on the model budget as required by the Regulations. In accordance with section 158 of the *Local Government Act* 1989, Council must declare rates and charges at least once each financial year.

The rating framework is outlined in sections 154-181 of the *Local Government Act* 1989 which determines Council's ability to develop a rating system.

The Ministerial Guidelines for Differential Rating was published in the Victoria Government Gazette in April 2013. The guidelines were prepared to guide councils in the application of differential rates as provided in section 161 of the *Local Government Act* 1989.

Council is required for rating purposes to undertake a general revaluation of all properties within the municipality every year (previously every two years) under section 11 of the *Valuation of Land Act* 1960.

Council must prepare a Strategic Resource Plan for at least the next four financial years in accordance with section 126 of the *Local Government Act* 1989 and in a format based on the model prescribed in the Regulations.

Financial and Resource Implications

The Proposed Annual Budget predicts an operational surplus of \$23.762 million in 2020-21. The result is based on income of \$155.171 million and expenses of \$131.41 million.

The income includes \$12.066 million rates and charges during 2020-21. This is the most important source of income for Council, expected to account for an estimated 72 per cent of Council's revenue.

Council also proposes to spend \$67.566 million on capital works. The program is funded by capital income (\$12.737 million), the infrastructure reserve (\$13.677 million), recreational and open space reserves (\$8.047 million) to support the program of works. The Proposed Annual Budget 2020-21 contains \$1.303 million in projects that will be carried over from 2019-20 financial year. The balance of the Capital Works Program is funded from the operational surplus and cash reserves.

In each financial year between 2020-21 and 2023-24, the Strategic Resource Plan predicts:

- operational surpluses and adjusted underlying surpluses
- a significant increase to Council's capital expenditure, with a focus on asset renewal
- decreasing cash balances as a result of the significant investment in capital works, although careful planning ensures that cash levels will cover current and future commitments, including future loan repayments
- a liquidity ratio covering Council's short term financial commitments, despite an expected decline in line with reducing cash balances

- low debt levels, well below those regarded as acceptable, as defined by the Victorian Auditor-General's Office

Due to Council's large capital works commitment and the impacts of COVID-19, Council's cash and investment reserves are expected to decline by \$22.794 million during the year to \$44.749 million as at 30 June 2021.

Environmental, Social and Economic Impacts

Council has increased the additional rates concession to \$75 (\$50: 2019-20) for approved pension card holders and \$100 (\$70: 2019-20) for holders of a Gold Card issued by the Department of Veteran Affairs.

Financial relief is also available through the recently adopted Hobsons Bay Financial Hardship Policy 2020 and the Hobsons Bay COVID-19 Financial Assistance Policy 2020.

Consultation and Communication

The 2020-21 budget consultation was undertaken in accordance with Council's Community Engagement Framework.

The Annual Budget 2020-21 has been developed with the community and their needs at its centre. Despite the challenges encountered in a unique pandemic environment, the majority of Pitch your Ideas submitted by residents, local groups and organisations early in the process have been included in the Annual Budget 2020-21.

Council was relieved to have the additional time provided by the Victorian Government to complete its 2020-21 budget and moved to work proactively with stakeholder representatives to source meaningful ways on how to best assist both residential and business community members hardest hit by the pandemic. Council's engagement included the following:

- nine pre-budget coronavirus recovery ideas sessions were held in May 2020 with the Portfolio Advisory Committee members, Interagency members, young people and the newly established Hobsons Bay Business Roundtable
- community groups and sporting clubs across the municipality were contacted to seek their views on the potential support needs for community and/or the services and functions they provide to their members
- during the announcement of the first and second Community Support Packages, the community was invited to submit general ideas on how Council can respond during, and in the future recovery phase, of the pandemic

The Proposed Annual Budget and Proposed Rating Strategy for 2020-21 were placed on public exhibition as part of the legislated four-week consultation period. Both documents were made available for inspection and comment until 24 July 2020, whereby any person could make written comment on any proposal contained in the budget. Feedback was heard at the Ordinary Council Meeting on 11 August 2020.

This engagement helped Council to prepare a responsible and agile budget that supports those most in need during the current pandemic and in the recovery phase still to come. This includes rate relief, ongoing delivery of essential services and programs, upscaling of grants and community support packages, increased capital works spend and a revised Hardship Policy. We also acknowledge the valuable feedback provided by our community and have

made budget adjustments accordingly, including small businesses seeking no rate increase and targeted support this year due to the significant impact of the pandemic.

Declaration of Conflict of Interest

Section 80C of the *Local Government Act* 1989 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.

Council officers involved in the preparation of this report have no conflict of interest in this matter.

8.1.3 Delegations to the Chief Executive Officer, Members of Council Staff and Delegated Planning Committee

Directorate:	Corporate Services
Responsible Officer:	Governance Advisor
Reviewer:	Director Corporate Services
Councillor Portfolio:	Not Applicable
Attachments:	<ol style="list-style-type: none">1. Instrument of Delegation Council to CEO 25 August 2020 [8.1.3.1 - 4 pages]2. S6 Instrument of Delegation Council to Members of Staff 25 August [8.1.3.2 - 90 pages]3. Instrument of Delegation Delegated Planning Committee 25 August 20 [8.1.3.3 - 1 page]

Purpose

To update the Instrument of Delegation to the Chief Executive Officer, the Instrument of Delegation from Council to members of Council staff and the Instrument of Delegation to the Special Planning Committee in accordance with the *Local Government Act 2020*.

Recommendation

That Council, in the exercise of the power conferred by section 11(1)(b) and section 63 of the *Local Government Act 2020* and section 188 of the *Planning and Environment Act 1987*, and the powers conferred by the legislation referred to in the instrument of delegation to members of Council staff resolves:

1. There be delegated to the person holding the position, or acting in or performing the duties, of Chief Executive Officer the powers, duties and functions set out in the attached *Instrument of Delegation to the Chief Executive Officer* dated 25 August 2020, subject to the conditions and limitations specified in that Instrument.
2. There be delegated to the members of Council staff holding, acting in or performing the duties of the offices or positions referred to in the attached *Instrument of Delegation to members of Council staff* dated 25 August 2020, the powers, duties and functions set out in that instrument, subject to the conditions and limitations specified in that Instrument.
3. To adopt the attached *Instrument of Delegation to the Delegated Planning Committee* dated 25 August 2020.
4. The instruments come into force immediately once they are executed by the Mayor.
5. On the coming into force of the instruments all previous delegations to the Chief Executive Officer, members of Council staff (other than the Chief Executive Officer) and the Special Planning Committee are revoked.

6. The duties and functions set out in the instruments must be performed, and the powers set out in the instruments must be executed, in accordance with any guidelines or policies of Council that it may from time to time adopt.
7. Notes that the powers, discretions and authorities conferred on the Delegated Planning Committee by the Instrument must be exercised in accordance with the delegations and limitations set out in the Instrument and the Terms of Reference and procedures as outlined within the Hobsons Bay Governance Rules.
8. In accordance with section 47(1)(a) of the *Local Government Act 2020* the Chief Executive Officer may by instrument of delegation delegate any power, duty or function of Council that has been delegated to the Chief Executive Officer by Council to a member of Council staff.
9. In circumstances where the Chief Executive Officer is to enact delegated authority beyond previous financial delegation limits, the Chief Executive Officer will undertake the agreed consultation process with the Council, noting individual Councillor concurrence or dissent, prior to the exercise of such delegation.
10. On receipt of communication from the Victorian Government that the State of Emergency in relation to the COVID-19 pandemic has ceased, a report will be tabled at the next scheduled Ordinary Meeting of Council to revoke the Instrument of Delegation to the Chief Executive Officer and adopt a revised Instrument of Delegation to the Chief Executive Officer.

Summary

Section 11(1)(b) of the *Local Government Act 2020* provides that Council may, by instrument of delegation, delegate to the Chief Executive Officer any power, duty or function of a Council under the Act or any other Act with some exceptions.

Council can also delegate powers, duties and functions directly to other members of Council staff. This update to the Instrument of Delegation from Council to members of Council staff reflects commencement of the *Local Government Act 2020*.

With the introduction of the *Local Government Act 2020*, the instrument of delegation for the current Special Planning Committee also needs to be updated. The current instrument of delegation will be revoked and replaced with a new instrument which is similar to the current, apart from changing the name of the committee and providing additional clarification on the types of application to be heard by the community.

Background

The current Instrument of Delegation to the Chief Executive Officer (CEO) dated 31 March 2020 was made under the *Local Government Act 1989* and remains in force only until 1 September 2020 when the delegation provisions of the *Local Government Act 2020* take effect.

The existing Instrument of Delegation from Council to members of Council staff was made under section 98(1) of the *Local Government Act 1989*. Delegations made by Council under the *Local Government Act 1989* continue in force until 1 September 2020.

The Special Planning Committee process was introduced in 1999 as a means of facilitating public involvement in major development proposals being considered in the City of Hobsons Bay. The committee facilitates public involvement in the permit assessment process, over and above the minimum provisions contained in the *Planning and Environment Act 1987* by allowing residents an appropriate opportunity to voice their concerns and by giving the applicant a right of response.

Discussion

The power of a Council to act by resolution is set out in section 59 of the *Local Government Act 2020*. Most Council decisions, however, are not made at Council meetings. To effectively facilitate Council business most decision-making power is allocated by formal delegations.

There are two sources of powers of delegation under the Act:

- section 11 - delegation of Council powers to the CEO or members of a delegated committee
- section 47 - delegation of Council powers by the CEO to Council staff or members of a community asset committee, as well as delegation of CEO powers to Council staff

Delegation to the Chief Executive Officer

The Instrument of Delegation to the CEO excludes the following powers:

- the power of delegation
- the power to elect a Mayor or Deputy Mayor
- the power to grant a reasonable request for leave under section 35 of the *Local Government Act 2020* (in relation to a Councillor ceasing to hold office)
- the power to appoint the CEO, whether on a permanent or acting basis (note: a Council may delegate to the CEO the power to appoint an Acting CEO for a period not exceeding 28 days)
- the power to make any decision in relation to the employment, dismissal or removal of the CEO
- the power to approve or amend the Council Plan
- the power to adopt or amend any policy that the Council is required to adopt under the *Local Government Act 2020*
- the power to adopt or amend the Governance Rules
- the power to appoint the chair or the members to a delegated committee
- the power to make, amend or revoke a local law
- the power to approve the budget or revised budget
- the power to borrow money
- subject to section 181H(1)(b) of the *Local Government Act 1989*, the power to declare general rates, municipal charges, service rates and charges and special rates and charges

The delegation to the CEO may be made subject to any conditions or limitations specified in the instrument of delegation.

In addition, a delegation that includes the power to enter into a contract or make any expenditure must specify a maximum monetary limit that cannot be exceeded.

Delegation to members of Council staff

The Instrument of Delegation from Council to members of Council staff relates to Council powers, duties and functions within various Acts and Regulations which contain a specific power of delegation. This delegates certain powers directly from Council to Council staff due to the legislation referred to containing specific powers of delegation.

For example, the *Planning and Environment Act 1987*, the *Food Act 1984* and others contain specific powers of delegation, and do not contain an express power of sub-delegation. Therefore, it is assumed that the power of delegation cannot be sub-delegated. This means it is necessary for the delegation to come from Council to the staff members directly.

The instrument of delegation to Council staff has been updated to reflect legislative amendments across several Acts and officer position titles following changes to the organisation structure.

Delegated Planning Committee

With the introduction of the *Local Government Act 2020*, the instrument of delegation and supporting documents of the Committee need to be reviewed to align with the new Act. Apart from changing relevant sections of the Act, there are three changes proposed:

1. The name of the Special Planning Committee will change to the Delegated Planning Committee (DPC) to reflect the new wording under the *Local Government Act 2020*.
2. Multiple objections that are identical copies of each other will only be counted as one objection. At times, identical copies of objections are used as a method to achieve a higher number of objections to reach the threshold for a DPC. This additional requirement will mean that objections submitted are meaningful, and the quantity of objections reflect the concern of the community.
3. Applications to use land to sell or consume liquor has been added as a specified application type that may be referred to the DPC.

These improvements will align with the required legislative requirements, provide clarity on the types of applications to be referred to the DPC, and ensure it focuses on higher-order applications which are significant for the community. Small scale applications will generally not be a recommended use of the DPC's time, as these applications generally have less strategic implications for the municipality.

Strategic Alignment

This report specifically addresses priorities from the following strategic documents:

Hobsons Bay 2030 Community Vision

Priority 1: Visionary, vibrant, accountable urban planning

Council Plan 2017-21

Goal 3: A well designed, maintained and environmentally sustainable place

Objective 3.1: Work with all levels of government, key stakeholders and the community to ensure urban development is appropriate and considers neighbourhood character and heritage.

Goal 4: A Council of excellence

Objective 4.2: Be a more efficient and effective organisation by having a strong focus on continuous improvement, innovation, strategic planning and responsible financial management.

Objective 4.4: Actively seek the community's views by providing a range of opportunities for the community to contribute to Council's decision making.

Policies and Related Council Documents

The current Instrument of Delegation to the CEO was adopted by Council on 31 March 2020.

The current Instrument of Delegation from Council to members of Council staff was adopted by Council on 10 October 2017.

The Instrument of Delegation to the Special Planning Committee was last reviewed by Council on 15 December 2009.

The instrument of sub-delegation from the CEO to Council staff will also require review by 1 September 2020.

Legal/Statutory Obligations and Risk

Section 11(1)(b) of the *Local Government Act* 2020 provides that Council may, by instrument of delegation, delegate to the Chief Executive Officer any power, duty or function of a Council under the Act or any other Act with some exceptions.

Section 47 allows the CEO, by instrument of delegation, to delegate any power, duty or function of the Council that has been delegated to the Chief Executive Officer by the Council to a member of Council staff.

There are several reasons why delegations should be made carefully and reviewed regularly. In particular:

- accountability and responsibility for decisions is possible only if the decision-makers are identified
- in delegating responsibility, Council can set conditions, limitations and guidelines for decision-makers, including reporting requirements
- Council decisions may be subject to legal scrutiny in courts and tribunals, thus it is important to keep precise details about what decision was made, who made it and when it was made

The Instrument of Delegation for the Special Planning Committee has been updated to comply with the requirements of the *Local Government Act* 2020 and will ensure the ongoing functionality of the newly named Delegated Planning Committee.

Financial and Resource Implications

This instrument of delegation to the CEO retains the financial delegations endorsed by Council resolution on 31 March 2020 in response to the COVID-19 pandemic.

Environmental, Social and Economic Impacts

The delegation of duties, powers and functions from the Council to the CEO and from the Council to other members of Council staff is considered good governance practice to facilitate the business of Council.

The DPC's involvement in applications provides the community with an opportunity to play a meaningful part in the planning process.

Consultation and Communication

Updating the instrument of delegation to the CEO supports legislative compliance and facilitates administrative efficiency and does not require community consultation.

Relevant Council officers have also been consulted in relation to the appointment of appropriate delegates.

Planning applications are subject to the notification provisions of section 52 of the *Planning and Environment Act 1987* and provide an opportunity for the community to have input into planning applications.

Declaration of Conflict of Interest

Section 80C of the *Local Government Act 1989* 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.

Council officers involved in the preparation of this report have no conflict of interest in this matter.

8.2 Sustainable Communities

8.2.1 Large Scale Solar Installation Program

Directorate:	Sustainable Communities
Responsible Officer:	Manager Strategy Economy and Sustainability
Reviewer:	Director Sustainable Communities
Councillor Portfolio:	Environmental Sustainability – Cr Jonathon Marsden and Cr Sandra Wilson
Attachments:	Nil

Purpose

To provide an update on the Large Scale Solar Installation Program, a key action to meet Council's commitment of zero net greenhouse gas emissions, following completion of the tender.

Recommendation

That Council:

- 1. Notes the update on the completed public tender process to deliver the Large Scale Solar Installation Program.**
- 2. Notes that a decision will be made in camera about the proposed project that will introduce a Virtual Power Plant and reduce Council's total direct emissions by an estimated 55 per cent over the next two to three years.**
- 3. Endorses further work be done to expand opportunities for the Hobsons Bay community to be part of the Virtual Power Plant.**

Summary

Council is committed to achieving zero net greenhouse gas emissions through direct action. Over the next five years Council will be reducing its own direct emissions through the installation of solar panels on Council buildings, retrofitting existing buildings, installing LED street lighting and ensuring future infrastructure is carbon neutral. Residual emissions will be offset through the purchase of green power or offsets.

Council's Large Scale Solar Installation Program is a key component of the emissions reduction program. The project base case includes new solar installations on more than 30 buildings and additions to existing solar installations delivering about 1,830 kW of solar generated power. The recommended proposal also includes options to provide up to an additional 1,780 kW and thus even further reducing greenhouse gas emissions.

The project will introduce a Virtual Power Plant (VPP) that will enable solar energy from all buildings to be distributed across all Council-owned and leased assets, and in the longer term to make low-cost green power available to community groups and the wider community.

Background

Council is committed to achieving zero net greenhouse gas emissions. Council's targets are zero net corporate greenhouse gas emissions by 2020 and zero net community greenhouse emissions by 2030. Council's commitment to achieve zero net emissions is focused on direct action with the residual emissions to be offset through the purchase of green power or carbon offsets.

Over five years, Council's direct actions will reduce emissions to around a quarter of current emissions:

- the accelerated solar program will reduce total emissions by between 30 and 55 per cent within two years
- a building retrofit program will achieve a further 20 per cent of emission reductions progressively over the next five years
- a street lighting program will achieve a further 19 per cent reduction in total emissions progressively over five years

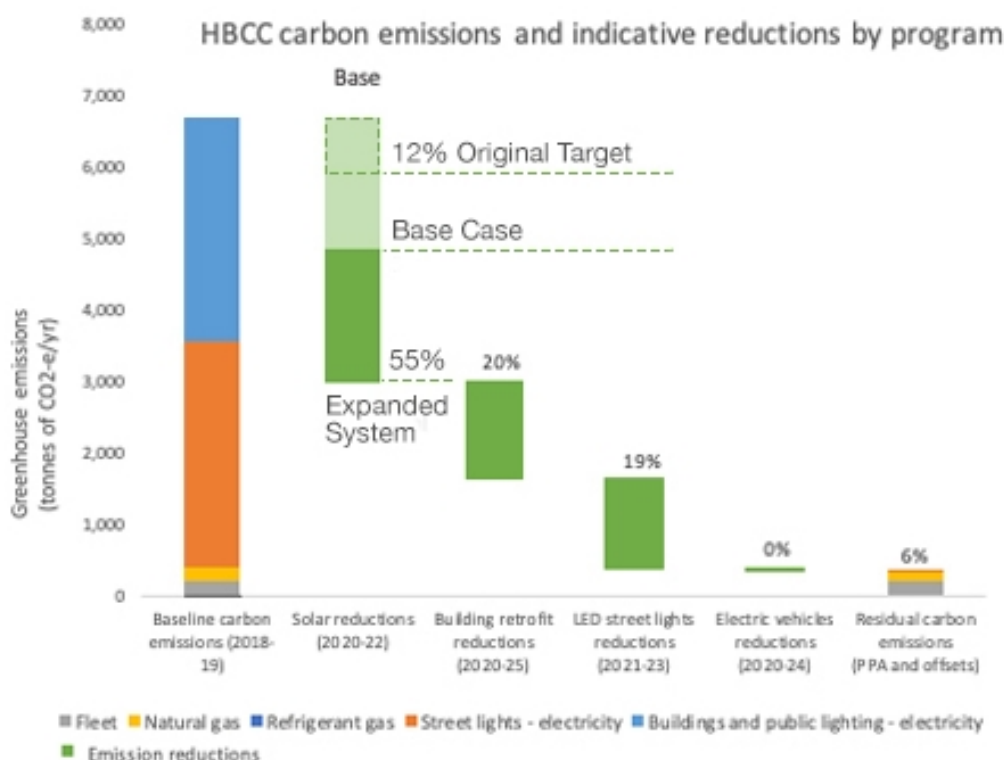


Figure 1: Council zero emissions program – indicative estimates

Residual greenhouse emissions (from street lighting, fleet and gas) will be offset through a combination of a bulk Power Purchasing Agreement (pending a state-wide procurement process currently underway, expected to commence in 2021), or other green energy, and the purchase of carbon offsets.

Council's existing emissions target has been revised and increased to 6,700 tonnes per year (from an earlier target of 3,800 tonnes which excluded a large number of Council buildings). This better reflects the full extent of Council's direct emissions. This emissions footprint includes all Council owned buildings for which Council pays the energy bill. Emissions from tenanted buildings where tenants pay their own energy bills are not included. Emissions from all council vehicles, street lights and gas use are included.

Solar installation program

In October 2019 Council endorsed procurement to fast track the installation of solar panels on Council buildings. The project scope in October included 43 Council-owned buildings in two packages: buildings with no obvious constraints, enabling quick rollout and immediate impact (Package 1), and buildings requiring further investigation (Package 2). The procurement was also to include options to expand the scale where value could be achieved. The project scope was further refined in preparing tender materials and through the procurement process.

No council tenants worse off

The project's key objective is to maximise the reduction in Council's greenhouse emissions. However, the buildings selected include a mix of Council-owned and occupied buildings and tenanted properties. The project's design therefore included careful consideration of the needs of council tenants and community groups. The key design principle for the program was that no tenants would be worse off as a result of the program (and where possible, tenants would have the opportunity to share some benefits).

Some Council tenants receive power from Council as part of their lease, while others purchase their own power directly. The project has been designed so that tenants who purchase their own power will continue to have the right to select and change their electricity supplier. The recommended option will also offer the option to purchase discounted solar power from the Council program.

Discussion

The Large Scale Solar Installation Program is a key component of Council's emissions reduction program. Following preliminary assessments of the initial 43 buildings, a project specification was prepared detailing a base case of 32 buildings with potential for new solar installation and 10 buildings as possible expansion sites.

A public tender process was undertaken in two stages. An expression of interest was conducted in November 2019, inviting suitable and experienced contractors to provide a creative and innovative approach to achieve the best possible outcomes. The EOIs clearly indicated that a Virtual Power Plant (VPP) offered far superior outcomes to any other model. A select tender including a detailed design and construct tender was conducted between May and early July 2020.

The tender specifications included a minimum requirement of 1,500 kW new photovoltaic solar generation capacity and VPP capabilities. The key aim of the project is to maximise generation and utilisation of solar energy and thus maximise the volume of abated greenhouse gas emissions and electricity cost savings. As a result, the specifications also explicitly called for innovation and proposal to maximise high value energy options from available buildings. The energy usage profile across the buildings varies greatly with some buildings having large roof capacity but minimal energy use during the day, and vice versa.

Recommended model for Hobsons Bay

Following a rigorous tender process, the proposed project which Council will consider in camera will include:

- a Virtual Power Plant which will enable Council to move energy from one site that is producing more solar energy than it can use to another site that is using more energy than it can produce

- capacity of 3,610 kW (including 1,830 kW from the base case and an additional 1,780 kW from expansion sites)
- a total reduction of Council's direct emissions by an estimated 55 per cent
- a positive net present value project which will fully cover its costs within nine years
- offering Council tenants the option to purchase solar power from the VPP at a discounted rate, with both Council and tenants benefiting from the investment
- the option for Hobsons Bay community members to participate in the VPP, including contributing power into the VPP (and generating revenue), as well as accessing low-cost locally generated green power

The project can be implemented quickly with the first package of solar in place and with Council and community members technically able to access this power from early 2021. The full scope will be implemented over a period of 12 to 18 months and spread over two financial years. Over the coming months it is likely that implementation speed for some of Council's Capital Works Program will be slowed down. The Large Scale Solar Installation Program will create over 20 direct jobs during installation, ensuring that local economic stimulus from infrastructure investment continues in the coming months. The project will generate cost savings as soon as the first buildings are up and running, and revenue as soon as the community access model is in place. It will fully cover its costs within nine years, and potentially sooner depending on community expansion.

The recommended project also offers Council the option to opt out of the VPP aspect at any stage. On opting out, Council would own all the solar generating infrastructure and would be able to use this power directly.

The Virtual Power Plant model

VPPs have been in place for a number of years in Australia. There are a numerous existing VPP projects which demonstrate the commitment to, benefits of and need for such systems in future.

While the majority of VPPs in Australia to date have been developed for private sector organisations, there are a number of not-for-profit examples and there are two substantial VPP projects currently being delivered in the public sector. The Townsville Catholic Diocese has committed \$20 million to a VPP incorporating 8MWh of battery systems and 5.1MW of solar across 27 sites. The WA Government is also investing \$4 million towards transforming up to 10 schools into smart VPPs.

The Virtual Energy Network (VEN) that is proposed for Hobsons Bay provides a distributed energy system that can become a true VPP by adding batteries at any stage in the future, when battery technology becomes more affordable. The network will use a control platform called carbonTRACK which is a monitoring function integrated into storage products approved on the Solar Victoria Battery Scheme. The system is already in use in a number of live sites around Victoria and Australia, including energy storage companies, agricultural producers and a council which has seven sites already connected (and another eight sites in train).

The recommended provider

The recommended provider for the Hobsons Bay Large Scale Solar Installation Program has over ten years of experience including extensive experience maximising the solar potential of large property portfolios (more than 1,500 properties). This includes office buildings, warehouses, school buildings, churches, convents, and retail and commercial residents.

They offer a twenty year guarantee of their hardware (double the current industry standard) and a five year guarantee that their system will deliver 100 per cent of the stated output.

Selected examples of VPPs successfully implemented by the recommended provider include:

- A large scale project for a private industrial company with 7.5MW of PV generation across 180 sites, all part of a VEN. The project provides power to both the industrial company and residential properties nearby.
- A 60kW VPP installed for a private company in 2014. The project has cut the company's emissions by between 60-90 per cent. Excess power is being accessed by neighbouring residents and businesses. The project has saved around \$12,000 per year from the company's electricity bills and reduced their carbon emissions by almost 300 tonnes annually.
- A 199kW VPP installed for a primary producer across two sites has reduced carbon emissions by 138 tonnes annually.
- A 1MW VPP for a transportation company across 200 individual sites and an uncapped opportunity to include additional PV power generation.

Future opportunities for community participation

Not only does the Large Scale Solar Installation Program help Council make significant progress towards zero emissions targets, it sets up the opportunity for the community to participate in a Hobsons Bay community solar network. This could enable anyone to opt in to be a producer of energy, a user of energy, or both. Council has a number of other buildings which could accommodate additional solar panels, and although not explicitly in scope for this initial program, could be considered at a future stage. A community VPP could also offer the opportunity for solar power to feed in from other users.

Because of the inherent flexibility of the system allowing easy entry to and exit from the program, Council could offer community benefit in numerous ways. This flexibility extends to Council itself in that Council could cease operation of the VPP at any time it chooses and revert to site-by-site solar PV systems.

Once installed a range of opportunities could be easily realised, including for example:

- **Property renters:** Where a tenant of a private residential property is unable to install solar on their building, they could opt in to purchase power from the program at a discount to the standard energy cost for no capital outlay
- **Property owners:** A local property owner could install a large solar PV system (such as a ground-mounted solar farm) to feed in energy to the Council system at an agreed feed-in rate
- **Council building tenants:** Tenants of community-owned buildings can also opt in to receive low cost green energy from the system, while continuing to purchase off-the-grid energy from their existing retailer
- **Large property owners with low energy loads (e.g. distribution centres):** Council could choose to partner with building owners with Council utilising the roof space to generate more energy. The property owner might, for example, receive free energy during daylight hours with excess energy exported to the network
- **Energy store and management system:** Once established, another way to further enhance the effectiveness of the network would be to introduce ways to store the renewable energy generated and export surplus energy at peak times rather than

when it is generated throughout the day, thus maximising revenue. This could include for example the electric vehicle fleet, or commercial battery storage.

It is proposed that further work be undertaken to design a community access model for the Hobsons Bay Virtual Power Plant. This could include:

- the ability for tenants of Council buildings to access low-cost green power generated from the panels on the buildings they rent.
- the option for Hobsons Bay businesses and not-for-profit organisations to join the VPP using their own roof space to generate solar power for the network. Participants would be able to generate revenue from the energy they feed into the VPP
- the option for residents to access low-cost green energy from the VPP

Project modelling indicates all of these options would add value to the VPP. It is proposed that a community access model be developed in consultation with Council tenants and community members, for introduction over the course of 2021.

Strategic Alignment

This report specifically addresses priorities from the following strategic documents:

Hobsons Bay 2030 Community Vision

Priority 5: Activate sustainable practices

Council Plan 2017-21

Goal 3: A well designed, maintained and environmentally sustainable place

Objective 3.2: Deliver and maintain well-designed, accessible and environmentally sustainable community assets.

Policies and Related Council Documents

- Ordinary Council Meeting Report 13 August 2019 – noted Council’s commitment to reducing overall energy consumption through a range of direct renewable generation and energy efficiency measures and committed to a Power Purchase Agreement tender process for 30 per cent of Council’s current electricity load
- Ordinary Council Meeting Report 8 October 2019 – endorsed the process for fast tracking the installation of solar panels on Council buildings, including the proposed procurement approach and approved funding to be brought forward via the Infrastructure Reserve

Legal/Statutory Obligations and Risk

Under the *Climate Change Act 2017*, Council must have regard to the potential impacts of climate change and the potential contribution to Victoria’s greenhouse emission’s associated with its decisions.

Any project delivery risks will be addressed within Council’s procurement and project management processes.

Financial and Resource Implications

Council's 2020-21 and 2021-22 budgets include allocations to deliver the Large Scale Solar Installation Program. Funding has been brought forward from the infrastructure reserve; however, compared to larger capital works projects, the project is less likely to be impacted by COVID-19 restrictions in the coming months, so it is expected the infrastructure reserve may grow over this period.

Environmental, Social and Economic Impacts

The Large Scale Solar Installation Program is a key action to enable Council to achieve its commitment to achieve zero net carbon emissions by 2020 (through direct action with offsets or the purchase of green power to cover residual emissions). It is also a significant platform to enable the achievement of an aspirational target to assist the Hobsons Bay community to achieve zero net emissions by 2030.

The project will contribute to the Hobsons Bay economy with over 20 direct jobs created over the next 12-18 months during implementation. This will supplement local economic stimulus from infrastructure investment in the coming months of COVID-19 impacts.

Consultation and Communication

The Large Scale Solar Installation Program is a key step to deliver on Council's zero net emissions targets, which were developed in deep consultation with the community. The Hobsons Bay community has clearly told council that sustainability is a key focus priority.

Implementation of community access to the Hobsons Bay VPP will be designed in consultation with the community in late 2020 and early 2021.

Declaration of Conflict of Interest

Section 80C of the *Local Government Act* 1989 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.

Council officers involved in the preparation of this report have no conflict of interest in this matter.

9 Notices of Motion

No notices of motion were received.

10 Urgent Business

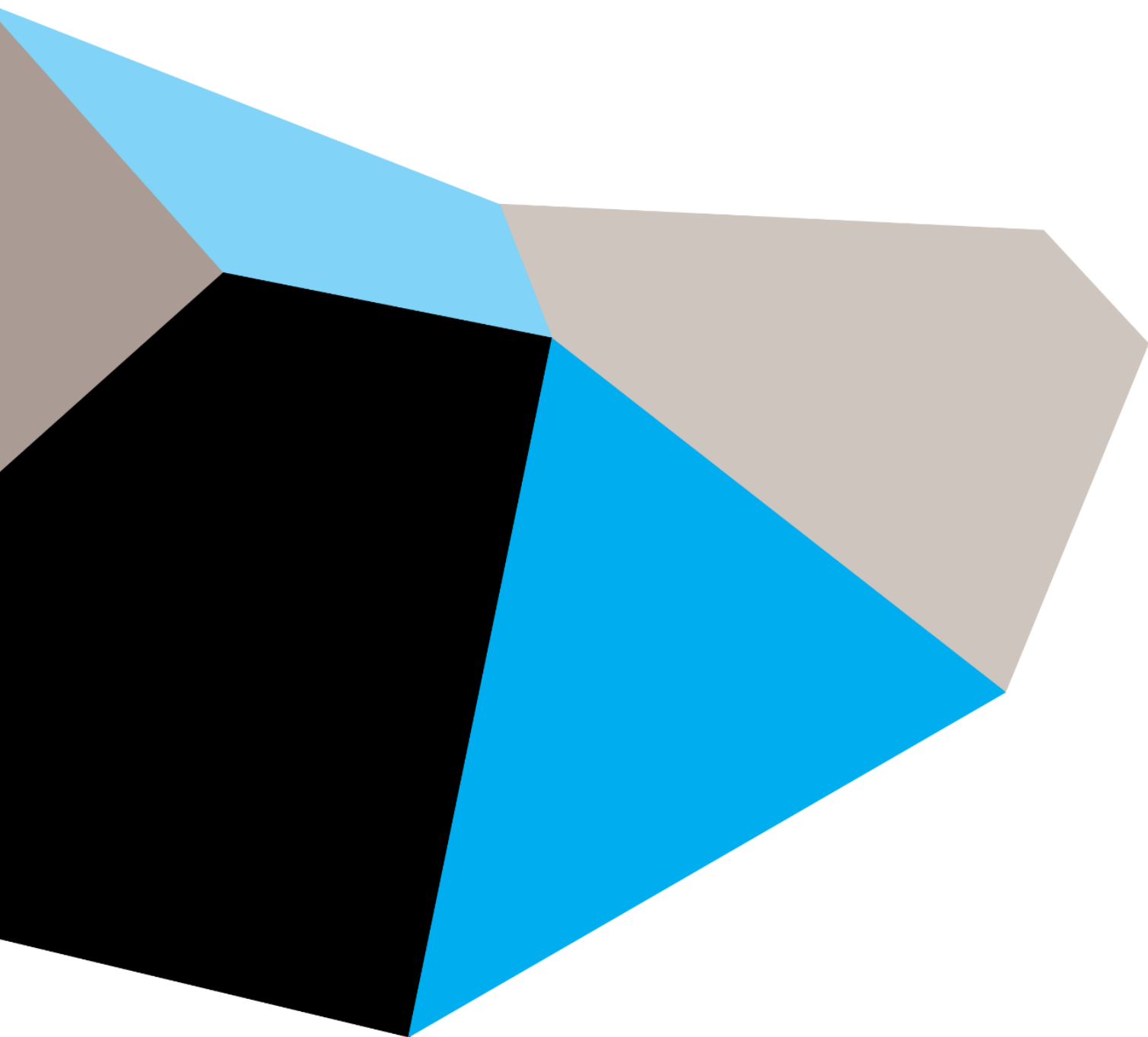
11 In Camera Business

Recommendation

That Council considers the confidential report listed below in a meeting closed to the public in accordance with section 66(2)(a) and section 3(1)(g) of the *Local Government Act 2020* as it relates to private commercial information:

Contract 2019.103 - Large Scale Solar Installation Program

12 Close of Meeting



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