Hon. Tim Clifford MLC
Member for East Metropolitan Region
[redacted]

LG Act Review
Department of Local Government,
Sport and Cultural Industries
actreview@dlgsc.wa.gov.au

27 March 2019

Dear Minister Templeman

Re: Review of *Local Government Act 1995* (WA) – Financial Management

I am writing to provide comments in relation to the 'Financial Management' aspect of the Local Government Act 1995 (WA) review. In particular, I wish to support amendments that will enable local councils and ratepayers to participate in Building Upgrade Finance (**BUF**) and Solar Savers programs, similar to those in other Australian States. These changes will encourage building and home owners to invest in renewable energy and energy efficiency improvements that will in turn assist Western Australia to lower its greenhouse gas emissions. BUF schemes can also be used to improve building accessibility for people living with a disability.

Residential and commercial buildings contribute 19% of Australia's stationary energy emissions. This doesn't include emissions from electricity, which is of course another significant source of building emissions. This is a sector in which emissions can be reduced relatively easily by making improvements to existing buildings. Perth currently has the highest per capita carbon footprint of all Australian capital cities and addressing building emissions has the potential to contribute significantly towards the State Government's efforts to reduce WA's emissions.

1. Building Upgrade Finance

BUF schemes enable commercial building owners to access long-term fixed interest finance to undertake environmental and accessibility upgrades to buildings. Building owners will benefit from improving their asset without the need for significant capital outlay, while tenants will experience significant energy savings as well as better and more accessible building facilities.

BUF schemes operates via a three-way agreement between building owners, financiers, and Local Government. Funds are advanced under a long-term finance agreement, enabling the building owner to offset any utilities savings from the upgrades against the cost of the works. Where the savings are enjoyed by the tenant, the building owner may recover part or all of these savings through the outgoings of the building, provided that the tenant is in no worse position. The council has an

administrative role in collecting the debt repayments as a charge on the land, which can be transferred to a new owner if the building is sold during the loan term. Legislative amendments would be required to the Local Government Act and its subsidiary legislation to enable local councils to participate in BUF schemes and to outline how the scheme would be administered.

BUF schemes have already been introduced in New South Wales (2010), Victoria (2015) and South Australia (2017). There are several differences between the various State schemes, including the nature of building upgrades that are allowable. The Greens (WA) would support a BUF scheme for the purpose of environmental and disability access upgrades only, and would not support a scheme that is intended for purely commercial maintenance or upkeep.

A BUF scheme would provide benefits to all parties involved, and could be a driving force in WA towards greener buildings that are more accessible to all. In addition to benefits that building owners and occupants will experience as a result of any upgrades, it is likely that a BUF scheme will also have a positive effect on tenant vacancy rates. Currently, 60% of Perth's office space is comprised of C-Grade buildings with a 25.7% vacancy rate, and B-Grade buildings with a 30.3% vacancy rate. BUF will create an avenue for building owners to upgrade their assets and provide a more attractive and affordable option for commercial tenants.

2. Solar Savers

I wrote to the Minister in December of last year to ask whether there was any intention to include amendments as part of the Local Government Act review to allow for a 'Solar Savers' program, similar to programs run in other States. The Minister's response indicated that such a program could be beneficial for WA and he encouraged me to put my views forward as part of the *Local Government Act* review.

Solar Savers is a renewable energy program that began in the City of Darebin in Melbourne. It allows pensioners and low-income home owners to install rooftop solar PV systems at no upfront cost, by way of a long-term, low-interest loan to be repaid via their council rates. It is likely that amendments will need to be made to the *Local Government (Financial Management) Regulations 1996* (WA) to enable local councils to impose a service charge on ratepayers to recover the loan repayments.

Western Australia already has one of the highest rates of solar PV uptake in the country. However, even with existing subsidies and rebates, solar PV has proven to be out of reach for some parts of the population, particularly low-income earners and pensioners on fixed incomes. The Greens (WA) want to make solar panels and battery storage more affordable and accessible for everyone and we see a Solar Savers program as a way of helping people save on their power bills and lower their personal carbon footprint.

While the Solar Savers programs in other States only cater for the installation of solar panels, there is an opportunity for Western Australia to be the first State to offer the option of using the program to install a battery system or energy monitoring device.

Western Australians are looking to this government to make a meaningful impact on climate change by increasing WA's uptake of renewable energy and reducing our greenhouse gas emissions. The BUF and Solar Savers schemes present a unique opportunity to encourage and incentivise building owners to make improvements that do just this, while also making our buildings accessible for everyone.

Thank you for the opportunity to contribute to the Local Government Act review. I look forward to seeing the outcomes of the review, particularly as in relates to the matters outlined in this letter.

Please do not hesitate to contact my office if you require any further information.

Yours sincerely,

Hon. Tim Clifford MLC
Member for East Metropolitan Region