

Item 6: Notices of Motion or Rescission

6.1 Better Building Finance

NOTICE OF MOTION LISTED BY CR PETER SHELLEY

TO 16 JUNE 2021 ORDINARY MEETING

GOV400088, A0100035; GOV400022; GRA600044

MOTION

That Council resolves to support Environmental Upgrade Agreements and begins offering them to eligible businesses within the local government area through a two-year trial period with Better Building Finance.

Background

I believe this type of program will benefit our community and give them another avenue to facilitate developments that will provide much needed employment and growth for our region.

Adopting this proposal does not expose Council with any financial liability but provides another avenue to assist and promote sustainable infrastructure for future developments.

Following is an excerpt from the company.

1. Better Building Finance is not a finance broker; we do not offer government loans, and we are not approaching Council with any loan proposals.
2. Better Building Finance is an expert in third-party administration for Environmental Upgrade Finance, a finance mechanism designed to assist private business and building owners with sustainability improvements to their properties, and we are already administering the finance mechanism for 45 councils across NSW, SA and VIC, including for NSW councils such as Lake Macquarie City Council, Forbes Shire Council and Kyogle Council.
3. As you may be aware, Environmental Upgrade Finance is a type of loan, provided by a third-party lender such as Bank Australia, to fund environmental upgrades to a private property (but not council property). Although the finance mechanism is most commonly applied to commercial properties, discussions are under way with the NSW Government to expand it to residential and strata properties. The loan is secured against the property by an Environmental Upgrade Charge and Council collects the payments on behalf of the lender. Due to the security that this arrangement provides, businesses can access finance and loan terms which may have otherwise been difficult to attain, and the longer-term nature of the loan means that savings often outweigh repayments immediately. There are two short videos that explain the finance mechanism at: <https://betterbuildingfinance.com.au/better-building-finance-for-australian-councils/>
4. Since our work helping councils enable the finance model is supported and funded by the Australian Government through the Australian Renewable Energy Agency (ARENA) and supported by the NSW Government through their Building Upgrade Finance platform, there is enormous potential for business and building owners across the Mid-Western Regional

Council and Central West area to fund these and other sustainability upgrades if Council were to enable Environmental Upgrade Finance in line with NSW Government legislation. Attached is a draft Council Report for the Mid-Western Regional Council that details the basic facts and suggests a two-year trial period, as this has proved to be the most successful way for councils to trial the initiative and gauge the inputs, outcomes and benefits in a controlled manner.

5. This finance mechanism is specifically used to pay for works that improve the energy, water or environmental efficiency and overall sustainability of commercial and other buildings; a loan that is then repaid by the building owner alongside council rates over an agreed time period (between 4-20 years). The finance can be used for a range of projects such as installation of renewable energy systems (as is the case with the de Beaufort project), new equipment or initiatives to improve energy and water efficiency, or projects that minimise waste, maximise resilience or improve resource efficiency; there just needs to be a measurable sustainability improvement over time. Councils do not pay anything for the service, nor do they assume any of the risk or liability associated with projects. Please see the attached summary document for more information.
6. Better Building Finance launched our online Billing Platform late last year, which also comes at no cost to councils, to simplify and streamline the distribution and remittance of charge notices and the communication of environmental and social benefits. We know that one of the frequent reasons for councils to 'doubt' whether they can make this mechanism work is the expectation that the finance will take a lot of administration and support, but the reality is that the time taken is minimal and the online Billing Platform has radically simplified the process. In addition, many councils are still making decisions based on 'old' or imperfect information about the finance model, which may be one of the reasons that NSW councils have been slower to take up the mechanism than those in Victoria.
7. We are already administering the finance mechanism for 45 councils across NSW, SA and VIC, and out of our 101 successful projects some good case studies relevant to the Mid-Western Regional Council area would include:

Distillery and light industrial production:

<https://www.cherryenergysolutions.com.au/projects/four-pillars-gin/>

Brewery and bar: <https://sustainableaustraliafund.com.au/3-ravens-brewery/>

Small light industrial: <https://betterbuildingfinance.com.au/case-studies/114-bakehouse-road-kensington-vic/>

Food production & agriculture: <https://sustainableaustraliafund.com.au/hussey-and-co/>

Hospitality & tourism: <https://sustainableaustraliafund.com.au/success-stories/rye-hotel/>

Transport & logistics: <https://sustainableaustraliafund.com.au/success-stories/booth-transport/>

Aged care and residential community: <https://www.councilnews.com.au/2019/03/4635868-council-powering-business-solar-upgrades-with-aurrum-aged-care>

Small, local dental clinic: <https://www.nationaltribune.com.au/council-signs-first-environmental-upgrade-agreement-with-knox-business/>

Dairy farm and agribusiness: <https://sustainableaustraliafund.com.au/success-stories/minogue-dairy-farm/> “

Officer's comments

It is recommended that a business plan be completed and a report brought back to Council to ascertain the cost and benefits of endorsing Environmental Upgrade Agreements. This would also allow due diligence to be carried out to ensure all necessary steps have been carried out, and the resolution is moved allowing for the required resourcing and funding impacts.

The BBF also recommend a business case is developed by a Council Officer before implementing through Council, in their Program Guide for Councils.