

Report 13.744
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Committee Council
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Proposed continuation of the Warm Greater Wellington Insulation Scheme

1. Purpose

To consider whether Greater Wellington Regional Council (GWRC) should continue its Warm Greater Wellington Scheme (WGW Scheme) given the changes to Energy Efficiency and Conservation Authority's (EECA's) home insulation scheme.

2. The decision-making process and significance

Officers recognise that the matters referenced in this report may have a high degree of importance to affected or interested parties.

The matters requiring decision in this report have been considered by officers against the requirements of Part 6 of the Local Government Act 2002 (the Act). Part 6 sets out the obligations of local authorities in relation to the making of decisions.

2.1 Significance of the decision

Part 6 requires Greater Wellington to consider the significance of the decision. The term 'significance' has a statutory definition set out in the Act.

Officers have considered the significance of the matter, taking the Council's significance policy and decision-making guidelines into account. Officers recommend that the matter be considered to have low significance, as it is making the decision to continue an existing programme of work.

Officers do not consider that a formal record outlining consideration of the decision-making process is required in this instance.

3. Background

GWRC has operated its highly successful WGW Scheme for three years in partnership with EECA. The Government announced changes to the existing EECA grant scheme in the Budget on 16 May 2013.

The new EECA grant scheme now fully funds insulation and is only available to targeted high health need community service card holders. As such, there is no need for GWRC assistance to be offered to this group for the new EECA scheme.

In the year to 30 June 2013 2,486 properties received assistance to insulate their homes, bringing the total to 7,240 since the WGW Scheme began in 2010. This paper seeks to continue to offer the WGW Scheme to ratepayers who are not eligible for the new EECA scheme for the next three years.

4. Comment

To enable councils to continue to offer assistance to ratepayers to retrofit insulation to their homes, EECA has agreed to continue to support the WGW Scheme.

For council to continue with the WGW Scheme it is essential that a number of activities and risks have been covered off, this includes both the products and suppliers in the scheme and all the council processes and procedures in managing this scheme.

While grants are no longer available, EECA has agreed to continue to maintain the approved product list, the managing of the audit programme for the installers' work, and have through an earlier tender process agreed a list of eligible suppliers at 1 July 2013 that council may contract with. This being the case, the primary risks to GWRC remain unchanged from the original WGW Scheme to the new scheme proposed below.

This agreed arrangement is set out in a memorandum of understanding between EECA and GWRC, which will be signed if the Council decides to continue with the WRW Scheme.

5. Purpose of Local Government

Does the proposed continuation of the WGW Scheme fit within the amended purpose of local government:

- "(a) to enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and the performance of regulatory functions in a way that is most cost-effective for households and businesses"?

"**Good-quality**" is defined as meaning efficient, effective, and appropriate to present and anticipated future circumstances.

The first limb of the definition is not relevant in this context.

Officers have considered this and advise that the WGW Scheme fits within the second limb of the purpose of local government.

5.1 **Meeting current and future needs**

The WGW Scheme not only meets certain current household needs but also puts in place enduring solutions for household insulation, so that future generations can benefit. Benefits of the WGW Scheme contribute to each of GWRC's community outcomes, and include:

- warmer homes;
- reduced heating costs;
- reduced greenhouse emissions;
- reduced air-borne pollutants, especially where inversion layers are experienced e.g. Masterton;
- health benefits through warmer homes, reduced internal humidity and reduced external air pollution;
- reduced absenteeism from work and school due to health benefits leading to increased productivity;
- reduced load at the peak energy use time (morning and night) leading to increased security of energy supply;
- increased general environmental awareness across society; and
- job creation opportunities.

For good quality local public services

A 'local public service' is not defined in the Act. The WGW Scheme could be considered a local public service in the broader sense, in that the WGW Scheme has a community focus through its principles of community health, quality of life, environmental sustainability, and economic development. It also has strong community support, as noted by the significant take-up of the WGW Scheme, and through submissions on the Long Term Plan 2012-22.

The requirement for the WGW Scheme to be 'good quality' (in terms of being efficient, effective, and meeting anticipated future circumstances) is met by the following facts:

- only EECA approved products can be used under the scheme;

- only existing EECA approved providers as at 1 July 2013 can be used under the scheme;
- the intended results from GWRC's original business case have been more than achieved with more than 7,000 households in the Wellington region taking up the WGW Scheme and are now warmer, healthier and will cost less to heat; and
- the WGW Scheme is providing assistance to bring local households into line with modern heating and insulation recommendations and standards.

5.2 In a way that is most cost-effective for households and businesses

Lastly, GWRC must deliver the service 'in a way that is most cost-effective for households and businesses'. This makes affordability, which is always a relative concept, the bottom line for assessing how these outcomes are to be delivered. The WGW Scheme provides the above benefits to households, while being cost neutral to other ratepayers. If a ratepayer obtains support from GWRC via the WGW Scheme, they agree to pay a targeted rate over nine years to recover the cost of providing the support. The targeted rate comprises the interest costs to GWRC (including the accrued interest from year 1), the repayment of the assistance and any administration costs. There will be no impact on the rates of Ratepayers who do not participate in the WGW Scheme. This cost-effective arrangement will continue to apply to the 'step up' of GWRC's increased involvement in the WGW Scheme in the absence of continued EECA grants.

6. Warm Greater Wellington 2 (WGW2)

The new WGW Scheme will operate almost identically to the previous WGW Scheme, with the exception that there is no longer a general grant from EECA available to ratepayers electing to participate in the WGW Scheme.

The average cost of insulating an average sized home is \$3,900, and a basic premise of the original scheme was that an average homeowner for insulation could enter the scheme without the need for any personal contribution up front. In the original scheme, up to \$1,300 could come from EECA with the ability to place up to \$2,600 on to their rates.

In order to continue this basic premise officers recommend increasing the amount a ratepayer may place on their rates to \$3,900. This increase in amount available will mean that fewer homes can be completed within the existing \$6 million per annum budget, but it is likely that the demand will drop without the EECA grant being available.

GWRC will continue to charge a 7% margin to fully recover its costs of providing the scheme to those ratepayers that participate.

The rates charge per year calculated over nine years for this assistance are as follows:

Assistance	\$1,000.00	\$2,000.00	\$3,000.00	\$3,900.00
Approx. annual rates	\$158.81	\$317.63	\$476.44	\$619.38
Approx. per week	\$3.05	\$6.11	\$9.16	\$11.91

7. Communication

A press release will be distributed prior to the meeting, for consideration.

8. Recommendations

That the Council:

1. ***Receives the report.***
2. ***Notes the content of the report.***
3. ***Agrees that the Warm Greater Wellington Scheme is consistent with the purpose of local government.***
4. ***Approves the continuation of the Warm Greater Wellington Scheme to 30 June 2016 subject to EECA continuing to support the programme as outlined in paragraph 4.***
5. ***Approves an increase of the amount of assistance available to \$3,900 per eligible rateable property.***
6. ***Authorises the Chief Executive or Chief Financial Officer to enter into a memorandum of understanding with EECA, setting out the respective responsibilities of EECA and GWRC in relation to the Warm Greater Wellington Scheme.***
7. ***Authorises the Chief Financial Officer or Manager, Finance to enter into contracts with the list of Recognised Service Providers approved by EECA on 1 July 2013.***

Report prepared by:

Report approved by:

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