

0.0 Development of Council's Corporate Emissions Reduction Plan

Department City Services
Director Infrastructure

Presenters: Simon Kinsey, Manager City Services

Miho Kagawa, Coordinator Environmental Sustainability

REQUIRED Presentation Duration	TBC (20 minutes)
For Information	☐
For Feedback	☒ Councillors are requested to provide any initial feedback to this paper via Your Say by 15 April 2026. The paper will then be presented at the Strategy Meeting on 4 May 2026 for further opportunity for feedback.
For a future decision	☒ The final Corporate Emissions Reduction Plan is to be considered for endorsement at the Council Meeting on 1 June 2026.

SUMMARY

This paper provides an update and overview of the progress made in developing Council's draft Corporate Emissions Reduction Plan (CERP).

The development of the CERP is Action 5c in the Climate Response Plan 2023-2026, delivering actions from the Climate Response Strategy 2023-2030 (amended May 2025). It is proposed the CERP be primarily a strategic asset management and financial integration framework document to deliver Council's net zero emissions aspiration.

Total corporate greenhouse gas emissions for 2024/25 were 12,215 tonnes of carbon dioxide equivalent (tCO₂-e). Achieving Council's aspirational net zero emissions target requires integrating low emissions technologies into Council's forecast capital spend through the Budget and Asset Plan. This approach ensures that there is accountability for abating emissions through ongoing operating and

capital budgets and prevents the “locking in” of high emissions fossil fuel operations and assets.

Attachment 1 to this paper is the draft CERP, which consolidates the strategic, technical and financial analysis underpinning Council’s approach. The draft CERP focuses on embedding emissions reduction into existing planning and budget processes, rather than seeking approval of individual projects or funding allocations. This approach is intended to operationalise Council’s existing strategic direction on emissions reduction through standard asset planning and budget processes.

It is proposed that progress on the development and implementation of the CERP will be reported through Council’s existing reporting and governance processes where relevant.

The purpose of this paper is to enable Councillors to review the proposed approach and draft CERP. The paper reflects the transition from background analysis to a consolidated draft CERP. This approach provides a structured and considered pathway for Councillors to review and provide input to the CERP prior to formal consideration.

Following consideration of this update, officers will continue developing the draft CERP, where the final draft is scheduled to be presented to Council for consideration in June 2026.

KEY CONSIDERATIONS

Context and Background

As context to this report, on 26 May 2025 Council considered a report titled *Carbon Offsets and Carbon Neutrality* and resolved to assign funds to reduce emissions to specific projects through a report to Council with consideration to business cases including opportunity costs. The resolution is copied below:

COUNCIL RESOLUTION

Moved by Cr Griffiths, Seconded by Cr Barker

That Council:

1. Notes that this report is in response to the resolution on 3 February 2025 for Notice of Motion No 3.
2. Amends the Climate Response Strategy to:
 - a. Not purchase carbon offsets
 - b. Replace the objective to be a Carbon Neutral Organisation under the Climate Active Scheme with 'Aspire towards a net-zero emission Organisation'

Page 12

Council Meeting Minutes

26 May 2025

10.2 (cont)

3. Continues to monitor and report on Council's corporate greenhouse gas emissions following best practice, including scope 3 emissions (i.e. indirect greenhouse gas emissions throughout council's value chain that are not directly owned or controlled by the council).
4. Annually allocates an amount of funding to projects to reduce Council's corporate greenhouse gas emissions (as outlined in Option 2 in this report), and local environment and biodiversity projects (as outlined in Option 3 in this report). This variable amount will apply the current year's prevailing market value of the carbon offset purchasing approach employed in 2022/2023 to the quantity of council's corporate greenhouse gas emissions of the current financial year.
5. Assigns funds as described in 4 to specific projects subject to council authorisation through a report to council with consideration to business cases including opportunity costs.

CARRIED

The development of the Corporate Emissions Reduction Plan (CERP) is Action 5c in the Climate Response Plan 2023-2026, delivering actions from the Climate Response Strategy 2023-2030 (amended May 2025).

Council requires an operational and financially sustainable delivery model. This requires clear alignment between emissions reduction objectives, asset renewal planning and Council's standard budget and financial planning processes.

The draft Corporate Emissions Reduction Plan (**Attachment 1**) consolidates baseline emissions data, strategic context, financial considerations and implementation pathways.

Supporting business cases are provided for the Gas to Electric transition and Zero Emission Fleet.

- **Attachment 2** - Gas to Electric Business Case Summary Report
- **Attachment 3** - Zero Emission Fleet Business Case

Both business cases include whole-of-life assessments and transition tools to support decision making on the approach to lowering emissions in a financially prudent way.

Council has set the strategic aspirational target of net zero emissions without committing to a date. There is currently no additional funding identified in the long-term financial plan to achieve an accelerated target date. The draft CERP therefore focuses on what can be achieved within current budgetary constraints.

Risk Profile

The relevant strategic risk is SR3: *Changes to climate impacting Council's ability to deliver services to the community and manage Council assets in a restricted financial environment.*

If implemented as proposed, the CERP will reduce carbon emissions over time within existing resource constraints. This aligns with the Climate Change Act 2017 (Victoria), mitigating the risk of stranded assets such as obsolete gas appliances and reducing long term exposure to escalating fossil fuel costs. It reduces Council's exposure to SR3 where inadequate investment in climate mitigation and adaptation can drive escalating asset renewal costs, service delivery disruption, and financial pressure.

If the approach is not implemented, the status quo would continue and emissions would not be reduced. Council may continue renewing infrastructure with current emissions outcomes and fail to meet its carbon emissions reduction aspirations. This increases the likelihood that high emissions assets lock in higher operating costs and limit future budget flexibility.

Financial and Resource Considerations

It is proposed that the CERP would be integrated into current renewal programming activities so as not to impact overall resource or budget requirements. This may require some asset renewal reprioritisation.

The CERP is a resource alignment tool. This reflects the CERP's design as an integrated financial and asset planning framework rather than a standalone funding program. Business cases prepared for Gas to Electric transition and Zero Emission Fleet demonstrate that while low emissions options may involve some upfront cost

premiums (to be initially managed within the existing budget through prioritisation), they can deliver net financial benefits over the asset lifecycle through avoided fuel costs, reduced maintenance and reduced exposure to future energy price volatility (to create budget space to accommodate the initial price premium).

Accordingly, delivery of the CERP therefore requires deliberate alignment of operating, capital and strategic budgets to enable low emissions choices to be embedded into business-as-usual decision making rather than treated as add on initiatives.

Key considerations include:

- **Operating Budgets:** High Scope 1 emissions services (for example gas heated leisure centres) will plan to account for operational transition costs as part of capital asset renewal prioritisation and Departmental Planning to aspire to net zero targets.
- **Capital Works:** Embedding emissions criteria into the Capital Works Program (Action 3 of the draft CERP, Appendix F) so the available capital budget is used for emissions reductions and is supplemented by operational costs savings.
- **Diverted Carbon Offset Budget (\$240k annually):** It is proposed that formalising this as a strategic budget enabling a “top-up” for projects where the low emissions option incurs a marginal cost premium rather than funding projects outside the standard budget process.

Legal and Regulatory Considerations

The legal and regulatory considerations are detailed in the draft CERP, including reference to the Climate Change Act 2017 (Victoria), the Local Government Act 2020, the Victoria Public Health and Wellbeing Act 2008, and Federal Government targets and agreements.

Community Impact

The Shaping Whitehorse community engagement process confirmed that 74% of the community views the “Sustainable Climate and Environmental Care” vision as valid. Furthermore, 74% of respondents support choosing environmentally sustainable options even if they cost more.

The implementation of the CERP is expected to provide long term environmental and financial benefits for the community by reducing emissions, avoiding high emissions infrastructure lock-in, and improving long term operational efficiency of Council assets.

Strategic Alignment

The development of the CERP aligns with the Integrated Council Plan, Strategic Direction 4: Natural, Objective 4.2 'An environmentally sustainable and climate resilient City', Action 2025/26 'Develop an Emissions Reduction Plan for Council operations to work towards reducing emissions including energy efficiency, electrification, renewable energy and fleet opportunities.'

The CERP delivers actions under the Climate Response Plan 2023-2026 and supports the Climate Response Strategy 2023-2030 (amended May 2025). The CERP is intended to operationalise these strategies through Council's asset planning and budgeting processes.

Engagement

The relevant teams within Council have been engaged in the development of the Gas to Electric Business Case and the Zero Emission Fleet Business Case.

Continued collaboration with the Eastern Region Group of Councils (ERG) and the Eastern Alliance for Greenhouse Action (EAGA) will support Council's electrification efforts, including opportunities for regional procurement and external grant funding.

Community consultation is not scheduled for development of the CERP as it is an operational document informed by Council's emissions profile, research, business case analysis and internal stakeholder engagement.

DISCUSSION, OPTIONS and ANALYSIS

Preferred Approach

The focus of the draft CERP is on direct emissions reduction in line with Council's aspiration to be a net zero emissions organisation. Carbon offsetting is not defined as a distinct action within the draft CERP, with priority given to maximising direct emissions abatement through Council's operations and assets.

Under this framework, it is proposed that emissions reduction opportunities would primarily occur through asset renewal and operational decision making, consistent with staged delivery pathways.

Examples include replacing gas appliances with electric alternatives at the time of failure or renewal, with assessment of replacing other gas appliances at the same site concurrently.

The passenger and commuter use fleet has recently been renewed, with electrification opportunities expected from 2028 onwards. Electric passenger and

light commercial vehicles are currently cost competitive with fossil fuel equivalents and are expected to become more so over time. Currently there is no available option for the heavy vehicle fleet, although this is expected to be developed over time.

Options and Comparison

Two broad governance approaches have been identified for implementation of emissions reduction activities:

Option 1 - Embedded delivery within available funding

Option 1 is the preferred option where officers develop and implement emissions reduction activities and projects within available funding, in accordance with the CERP, embedding emissions considerations into existing planning, asset renewal and budgeting processes, as part of Council's standard governance and decision-making frameworks.

There is no fixed net zero target year, instead there is a structured transition pathway for reducing Council's corporate emissions over time.

The annual allocation of \$240k is to be used as a "top-up" for projects where the low emissions option incurs a marginal cost premium rather than funding projects outside the standard budget process.

Option 2 – Allocate additional funding for an accelerated net zero target

This option is for Council to allocate additional funding to accelerate towards net zero emissions. This could be done in a variety of ways, for example, replacing gas appliances prior to failure or renewal, or replacing fleet prior to when it is recommended through life-cycle costing.

This would require reducing expenditure elsewhere, seeking external grant funding and/or approving budget allocation through existing processes.

Option 1 is preferred as the most practical implementation approach. This enables emissions considerations to be integrated into standard decision-making processes and supports coordinated delivery across asset systems. If Option 2 is supported at an individual project level or more broadly as a governance approach, it is proposed that Option 1 is supported to ensure alignment with budgeting processes and decision-making frameworks to meet future demand.

Key Findings and Insights

Analysis underpinning the draft CERP, including detailed background technical work and supporting business cases demonstrates that integrating emissions reduction

into asset planning and financial processes can reduce emissions over time while remaining within existing budget constraints.

Whole-of-life assessments indicate that low emissions asset replacements may involve some upfront cost premiums but can deliver lifecycle financial benefits through avoided fuel costs, reduced maintenance and reduced exposure to energy price volatility.

Factors that may influence future decision-making include budget constraints, asset renewal timing, technology availability (particularly for heavy fleet) and opportunities to leverage external funding.

Local Environment and Biodiversity Co-benefits

A part of the Council resolution from May 2025 was to annually allocate an amount of funding to projects to reduce Council's corporate greenhouse gas emissions and local environment and biodiversity projects.

Local environment and biodiversity projects could include urban greening, tree planting, and green infrastructure. These provide important climate co-benefits such as carbon sequestration, urban heat mitigation, improved biodiversity and increased climate resilience.

While these initiatives contribute positively to Council's broader climate response, they are not an effective substitute for direct emissions reduction across Council's operations and assets. Accordingly, the CERP development focuses on reducing corporate greenhouse gas emissions at source, while recognising that local environmental and biodiversity projects are delivered through parallel programs and contribute complementary benefits aligned with Council's climate and sustainability objectives.

Opportunities to strengthen alignment between corporate emissions reduction and local environmental outcomes may be considered over time, subject to Council priorities, funding availability and robust emissions accounting.

NEXT STEPS

Action Required

Councillors are requested to provide initial feedback to this draft paper via Your Say by 15 April 2026. The paper will then be presented at the Strategy Meeting on 4 May 2026 for further opportunity for feedback.

Timeline

Officers will continue to develop and refine the draft CERP, incorporating feedback and further analysis into the final draft to be considered by Council on 1 June 2026.

Following completion of the CERP, development of the next Climate Response Plan 2027-2030 is proposed to commence. This process is expected to involve Councillor and community input and will provide the opportunity to set further strategic direction for Council's climate response.

Attachments

Attachment 1 - Draft Corporate Emissions Reduction Plan (CERP)

Attachment 2 - Gas to Electric Business Case Summary Report

Attachment 3 - Zero Emission Fleet Business Case