

Incentives for Sustainability Environmental Outcomes Review and Future Options

Strategic Alignment - Our Environment

Public

Tuesday, 6 February 2024
City Planning, Development and Business Affairs Committee

Program Contact:
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Approving Officer:
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EXECUTIVE SUMMARY

The purpose of this report is to respond to a Council decision on 13 June 2023 ([Link 1](#)) that directed Administration to prepare a report reviewing the Sustainability Incentives Scheme (SIS) to assess its effectiveness in reducing community greenhouse gas emissions and identify opportunities for targeted future investment.

The Incentives for Sustainability Program, including the SIS, is one of the key drivers for community climate action as required for the successful implementation of the draft Integrated Climate Strategy endorsed by Council for consultation on 12 December 2023 ([Link 2](#)).

On 30 January 2024, Council decided to include incentives to purchase e-bikes and cargo bikes and to install new, or replace broken or otherwise not-fit-for-purpose bicycle parking racks on private property in the SIS ([Link 3](#)).

Since its introduction in 2015, the Incentives for Sustainability has invested over \$1.6 million dollars into over 750 projects and over the lifespan of all incentives provided since July 2015, there is an estimated cumulative emissions reduction of 33,962 tonnes of carbon dioxide equivalent (tCO_{2e}).

RECOMMENDATION

The following recommendation will be presented to Council on 13 February 2024 for consideration

THAT THE CITY PLANNING, DEVELOPMENT AND BUSINESS AFFAIRS COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Notes the calculated environmental outcomes of the Incentives for Sustainability Program, including the Sustainability Incentives Scheme and Circular Economy Incentives, from July 2015 to December 2023 as outlined in this report.
 2. Approves amendments to the Incentives for Sustainability Program to restructure the program to enable smaller scale and larger scale incentives in line with the priorities in the draft Integrated Climate Strategy that deliver tangible emissions savings, subject to 2024/25 budget deliberations.
 3. Approves the Sustainability Incentive Scheme Operating Guidelines provided as Attachment A to Item 7.1 on the Agenda for the meeting of the City Planning, Development and Business Affairs Committee held on 6 February 2024.
 4. Authorises the Acting Chief Executive Officer or delegate to make minor edits to finalise the amended Sustainability Incentives Scheme Operating Guidelines provided as Attachment A to Item 7.1 on the Agenda for the meeting of the City Planning, Development and Business Affairs Committee held on 6 February 2024.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Environment Support a 50% reduction in the city’s community greenhouse gas emissions by 2030 from the 2020 baseline with an ambition to be net zero by 2035
Policy	The Incentives for Sustainability Program, including the SIS, is one of the key drivers for community climate action as required for the successful implementation of the draft Integrated Climate Strategy. Council is separately considering an overarching Grants Policy which would provide policy guidance for the SIS.
Consultation	Changes to the Incentives for Sustainability Program will be communicated on the City of Adelaide website.
Resource	Not as a result of this report
Risk / Legal / Legislative	Not as a result of this report
Opportunities	The refinement and expansion of the Incentives for Sustainability Program will assist in the implementation of the draft Integrated Climate Strategy and enhance the City of Adelaide’s capability to meet stated targets in responding to community emissions.
23/24 Budget Allocation	The Climate Change Action Initiative Fund is \$225,000.
Proposed 24/25 Budget Allocation	A draft budget proposal for \$1,225,000 has been prepared for consideration as part of the 2024/25 annual business plan and budget deliberations subject to prioritisation by Council.
Life of Project, Service, Initiative or (Expectancy of) Asset	The SIS has been ongoing since 2015, with regular reviews of incentive offerings to ensure alignment with Council and community needs.
23/24 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	The budget proposal for 2024/25 is for an ongoing allocation of \$1,225,000 indexed annually in line with CPI.
Other Funding Sources	Not as a result of this report

DISCUSSION

Background

1. At its meeting on 13 June 2023 ([Link 1](#)), the Council considered a Motion on Notice at Item 15.1 regarding the Sustainability Incentives Scheme (SIS) and directed Administration to prepare a report reviewing the Sustainability Incentives Scheme to assess its effectiveness in reducing community greenhouse gas emissions and identify opportunities for more targeted future.
2. Consultancy Tandem Energy, was engaged to review the Incentives for Sustainability Program and prepare a calculator to estimate environmental outcomes of the SIS and the Circular Economy incentives introduced in May 2023 (known collectively as the Incentives for Sustainability Program).

Summary of SIS outcomes to date

3. Based on the assessment by Tandem Energy, since the Incentives for Sustainability Program was introduced in 2015:
 - 3.1. City of Adelaide has invested over \$1.6 million dollars into over 750 projects and leveraged \$8.37 of community investment for every dollar spent.
 - 3.2. Over the lifespan of all incentives provided since July 2015, there is an estimated cumulative emissions reduction of 33,962 tCO₂e. This figure is equivalent to the emissions of 3,385 households' or 3.6% of City of Adelaide's 2022 Community Greenhouse Emissions Inventory.
 - 3.3. Solar installation has been the largest incentive type granted.
 - 3.4. There has been quick uptake of appliance electrification since this was included in the scheme in 2023.
4. Since 2015, the program has supported:
 - 4.1. Over 400 solar installations, with a total of 6.2 MW capacity
 - 4.2. 126 appliance or lighting upgrades
 - 4.3. 118 energy storage batteries
 - 4.4. 41 EV chargers with an average capacity of 20.7 kW
 - 4.5. 9 Climate Active certifications
 - 4.6. 6 performance ratings
 - 4.7. 1 home energy assessment.
5. Estimated savings in energy and water, and resources diverted from landfill since 2015 are provided in the table below.

Category	Annual savings	Equivalency
Electricity	11,473 MWh	2,295 households' electricity consumption
Gas	20,951 GJ	5,869 households' gas consumption
Water	210 kL	1.2 households' water consumption
Diversion from landfill	6,424 kg	1.8 SME's waste to landfill

Outcomes from the program in 2023

6. A review of the Sustainability Incentives Scheme in 2022 resulted in multiple new rebates being launched in January 2023. This was followed by the inclusion of circular economy incentives in May 2023, and the overarching program rebranded as Incentives for Sustainability.
7. In 2023/24, \$225,000 of the Climate Change Action Initiative Fund (CCAIF) will be directed to the Program, which offers 23 different incentives.
8. From January to December 2023, the Incentives for Sustainability has invested in excess of \$76,000 to over 45 projects and leveraged \$9.27 of community investment for every dollar spent.

9. The cumulative emissions reduction for projects approved in 2023 is estimated to be 1,067 tCO₂e. This figure is equivalent to the emissions of 107 households or 0.1% of City of Adelaide's 2022 Community Greenhouse Emissions Inventory.

Proposed Amendments to Incentives for Sustainability

10. On [12 December 2023](#) (Link 2), Council endorsed the draft Integrated Climate Strategy for consultation in early 2024. The draft Strategy foreshadowed that Council will be required to invest more heavily in climate action to achieve the draft targets in the Strategy.
11. Climate actions are funded via the Climate Change Action Initiative Fund (CCAIF), which comprises 1% of rates revenue for operating priorities and salary costs.
12. Of the total CCAIF funding, \$225,500 is directed to the SIS which offers small scale rebates (up to \$25,000) for eligible community, not-for-profit and business sustainability improvements. The average rebate provided via the SIS is approximately \$1,600.
13. This report recommends the SIS be restructured to offer:
 - 13.1. A narrower range of small scale rebates that deliver tangible emissions savings in line with the priorities in the draft Integrated Climate Strategy, such as:
 - 13.1.1. Electric appliances such as induction cooktops, heat pumps and air conditioners
 - 13.1.2. Solar panel installations in a range of sizes
 - 13.1.3. Energy storage batteries
 - 13.1.4. EV chargers and associated demand management systems
 - 13.1.5. Electric bicycles and bicycle commuting accessories (panniers and racks)
 - 13.1.6. Water saving devices
 - 13.1.7. Circular economy offerings such as commercial food digestors and indoor sorting bins.
 - 13.1.8. Water sensitive rain garden services
 - 13.1.9. Arborist for tree retention services
 - 13.1.10. Energy Smart Buildings (current incentive offering) and/or Energy Smart Buildings Feasibility.
 - 13.2. Larger scale Council investment (\$50,000 to \$250,000 subject to Council decision per application) in business and community activities that deliver tangible emissions savings for:
 - 13.2.1. Assessment reports, project feasibility and project management support for whole of building/strata electrification and circular economy improvements.
 - 13.2.2. Electrification (such as appliance electrification, solar, EV charging infrastructure, battery storage, active travel and e-bikes), including use of a program partner.
 - 13.2.3. This may include providing incentives in partnership with heritage conservation works or as part of residential adaptive reuse.
14. Estimates have been undertaken using the calculation tool provided by Tandem Energy to determine the anticipated outcomes of an expanded and modified Incentives Program. This has assumed a combination of a narrower range of small-scale incentives, residential appliance bulk buys and large grant offerings for whole of strata/whole of building applications.
15. Based on an additional \$1M funding to the existing Program, it is estimated that the following could be achieved each year, which will aid the City to progress a decrease in its community emissions in line with objectives in the City of Adelaide Strategic Plan 2024-2028:
 - 15.1. First year emissions reductions of 5,761 tCO₂e
 - 15.2. Cumulative emissions reductions of 15,851 tCO₂e
 - 15.3. Annual increase in electricity consumption of 827MWh but reduction of gas consumption of 3.360,356GJ
 - 15.4. Annual decrease of water consumption of 228kL
 - 15.5. Annual diversion of 30,178kg from landfill.

Operating Guidelines

16. As part of the Grants Management audit performed by KPMG in 2023 it was identified that internal Operating Guidelines for the Sustainability Incentive Scheme were to be prepared by 30 June 2024.
17. Operating Guidelines have been developed to accommodate both the existing scheme and the proposed restructured scheme as provided in Attachment A.

Next Steps

18. Pending Council decision about investment in the Incentives for Sustainability Program as part of the annual 2024/25 business plan and budget process, it is proposed to:
 - 18.1. Restructure the SIS to offer both small scale and larger scale incentives.
 - 18.2. Review public facing guidance and terms and conditions documentation for Incentives for Sustainability Program on City of Adelaide's public website.

DATA AND SUPPORTING INFORMATION

Link 1 – [Council Meeting – Agenda – Tuesday, 13 June 2023](#)

Link 2 – [Council Meeting – Minutes – Tuesday, 12 December 2023](#)

Link 3 – [Council Meeting – Agenda – Tuesday 30 January 2024](#)

ATTACHMENTS

Attachment A – Operating Guidelines for Sustainability Incentive Scheme

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