

# Councillor Siebentritt - MoN - Motion for consideration by the National Local Government Assembly

Tuesday, 9 April 2024  
Council

**Council Member**  
Councillor Dr Mark Siebentritt

Public

**Contact Officer:**  
Iliia Houridis, Director City Shaping

## MOTION ON NOTICE

**Councillor Dr Mark Siebentritt will move a motion and seek a seconder for the matter shown below to facilitate consideration by the Council:**

'That Council endorse the following Motion for consideration by the National General Assembly:

This National General Assembly calls on the Australian Government to:

Noting the drafting of recent legislation by the Federal Government and the drafting of a new Australian Sustainability Reporting Standard by the Australian Accounting Standards Board, both of which are due for implementation as of 30 June 2024 and which are already informing climate disclosure reporting approaches within Federal and some State agencies, ALGA agrees to lead a process to identify minimum climate disclosure reporting standards by 30 November 2024 that could apply to local government entities for consideration by respective State Governments.

National Objective:

Develop consistent guidance on standards for climate disclosure assessment and reporting at a local government level to ensure greater consistency in:

- (a) Assessing the impacts of climate change, covering physical and transition risks.
- (b) Determining the financial impacts which will be linked to national objectives for financing adaptation measures at a national level.

Key arguments:

1. The local government sector has been at the forefront of action on climate change for much of the past two decades, leading on work to reduce greenhouse gas emissions and develop and implement climate change adaptation plans.
2. Over the past 5 years though, the business sector has become increasingly active internationally, initially through voluntary climate disclosure reporting through the Taskforce on Climate Related Financial Disclosures (TCFD) and more recently emerging mandatory reporting.
3. In Australia this will manifest in mandatory climate disclosure reporting via legislation soon to be introduced by the Federal Government backed by a new set up of complementary Australian Accounting Standards (Australian Sustainability Reporting Standards). This will make climate disclosure reporting mandatory for many Australian businesses. Furthermore, large non-profit entities will also be impacted and some states already require agency reporting aligned to the TCFD.
4. It has been argued that these are the most significant changes to corporate reporting in Australia for at least a decade and will affect all parts of the Australian economy either directly or indirectly via supply chain impacts. But to date, local government has not been considered even though the consolidated revenue, value of assets and staff numbers for many councils around Australia would meet many of the triggers for this reporting.
5. Without coordinated and clearer direction on reporting requirements and standards, Local Government will be the largest sector in Australia not to have national guidance on reporting requirements, which will impact governance, risk assessment and financing in the sector. Furthermore, greater consistency in reporting standards will assist with comparing governance and preparedness measures being implemented around Australia and create cost savings for when this work is delivered.'

## ADMINISTRATION COMMENT

1. The Australian Government is in the process of implementing mandatory climate disclosure reporting based on the International Sustainability Standards Board (ISSB)'s climate standard, IFRS S2.
2. IFRS S2 came into effect on 1 January 2024, and the Australian Government concluded public consultation on its draft legislation on 9 February 2024. The legislation aims to establish a new Australian Sustainability Reporting Standard regime requiring entities that meet statutory sustainability reporting thresholds to report and maintain records regarding climate-related financial risks and opportunities. This includes greenhouse gas emissions, governance, risk management and emissions reduction targets.
3. Climate-related financial disclosures will be mandated through amendments to the *Corporations Act 2001 (Cth)* (Corporations Act) and related legislation.
  - 3.1. Under the proposed changes, large entities that are required to prepare and lodge annual reports under Chapter 2M of the Corporations Act will be required to disclose information about climate-related risks and opportunities.
  - 3.2. Entities that are exempt from lodging financial reports under Chapter 2M of the Corporations Act are proposed to be exempt from the proposed changes to climate-related financial disclosures.
4. The legislation will act in concert with new complementary Australian Accounting Standards (Australian Sustainability Reporting Standards). This will make climate disclosure reporting mandatory for many Australian businesses and non-profit entities (including larger local government entities).
5. Mandatory climate-related financial disclosure is being implemented over a four-year period and phased in according to the categorisation of entities into three Groups.
6. The commencement date for Group 1 entities (larger corporate and non-profit organisations) is 1 July 2024. The Government is seeking stakeholder feedback on whether amending legislation to require a 1 January 2025 commencement date for Group 1 entities would improve the quality of reporting during the transition year.
7. With a 1 January 2025 commencement, the first full reporting period would be from 1 July 2025 to 30 June 2026 for Group 1 entities.
8. Due to the value of its assets, and size of its workforce, the City of Adelaide may qualify as a Group 1 entity. The City of Adelaide has sought advice about what (if any) of the three proposed groups it would fall into and this advice will be provided separately once available.
9. The City of Adelaide's audited financial statements are currently made and comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
10. Accounting standards effectively equal mandatory reporting, and in the South Australian context include model financial statements for application in the Local Government sector. Development of these is informed by sector auditors in consultation with sector finance professionals.
11. The City of Adelaide's draft Integrated Climate Strategy contemplates the introduction of climate disclosure reporting and states:
  - 11.1. We will implement best practice sustainability reporting frameworks to ensure alignment to better practice governance, strategy, risk management and monitoring of metrics and targets applicable to environmental management.
12. As part of finalising the draft Integrated Climate Strategy, advice is being sought about governance, strategy, risk management, metrics and targets (including Scope 1 and Scope 2 greenhouse gas emissions) that may be required.
13. The City of Adelaide has been preparing community greenhouse gas emissions inventories since 2007 in accordance with the Global Protocol for Community Scale Greenhouse Gas Emissions Inventories. The protocol measures the emissions within the City of Adelaide boundary, using Scopes which allow international comparisons. This methodology is used to report internationally to the CDP platform (formerly Carbon Disclosure Project) on climate data and action.
14. There is presently no agreed position about minimum climate disclosure reporting standards that could apply to local government entities for consideration by respective State Governments.
15. Should Council resolve to support the proposed motion, the motion will be submitted for consideration by the National General Assembly of the Australian Local Government Association (ALGA) to lead a process to identify minimum climate disclosure reporting standards by 30 November 2024 that could apply to local government entities for consideration by respective State Governments.

16. Administration is supportive of ALGA having a role to participate in consultation around the development of the Australian Sustainability Reporting Standards on behalf of local government, and through engagement with the states and the sector, in relation to mandatory reporting inclusions appropriate to the sector.

Should the motion be carried, the following implications of this motion should be considered. Note any costs provided are estimates only – no quotes or prices have been obtained:	
Public consultation	Not applicable
External consultant advice	Not applicable
Legal advice / litigation (eg contract breach)	Not applicable
Impacts on existing projects	Not applicable
Budget reallocation	Not applicable
Capital investment	Not applicable
Staff time in preparing the workshop / report requested in the motion	Not applicable
Other	Not applicable
Staff time in receiving and preparing this administration comment	To prepare this administration comment in response to the motion on notice took approximately 5.5 hours.

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- END OF REPORT -