

Integrated Climate Strategy Reporting Framework

Friday, 27 September 2024

Audit and Risk Committee

Strategic Alignment - Our Environment

Program Contact:

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EXECUTIVE SUMMARY

This report presents the Risk and Reporting Framework for the Integrated Climate Strategy 2030 (ICS) adopted by the Council on 11 June 2024 ([Link 1](#)).

In endorsing the ICS Council noted the risk and reporting framework for the delivery and monitoring of the ICS would be delivered in the first quarter of 2024/25 and reported through the Audit and Risk Committee in September 2024.

The Integrated Climate Strategy Risk and Reporting Framework (the reporting framework) has been prepared by the City of Adelaide (CoA) with input from KMPG (Attachment A). It provides guidance on the approach for reporting the progress of the ICS so that transparent, accurate and timely information can be provided to CoA stakeholders. The reporting framework is an internal document and will be edited from time to time to reflect CoA roles, responsibilities and practice.

The reporting framework has been developed with reference to better practice sustainability reporting, including the Australian Sustainability Reporting Standards (ASRS) covering governance, strategy, risk management and metrics and targets.

The Audit and Risk Committee maintains its role to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters in relation to climate risk.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE RECOMMENDS TO COUNCIL

THAT COUNCIL

1. Notes the Integrated Climate Strategy Risk and Reporting Framework as contained in Attachment A to Item 8.6 on the Agenda for the Audit and Risk Committee held on 27 September 2024 has been prepared to support the delivery and monitoring of the Integrated Climate Strategy 2030.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2024-2028 Strategic Plan	Strategic Alignment – Our Environment Outcome: A sustainable City where climate resilience is embedded in all that we do.
Policy	The Integrated Climate Strategy 2030 includes actions to integrate climate risk into governance documents, processes, facility planning and management, and service provisions so that risk can be managed.
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	The Climate-Related Financial Disclosures Framework in Australia mandates that organisations, including the City of Adelaide, recognise climate change as a material risk. It requires integration of climate risk management and adaptation strategies into operations to mitigate legal and liability exposure and enhance climate resilience. The CoA Strategic Risk Register identifies climate change adaptation and vulnerability as a strategic risk. Climate-related risks and opportunities are included within the City of Adelaide's Enterprise Risk Management Framework.
Opportunities	The financial implications of implementing the Integrated Climate Strategy 2030 will be addressed through the City of Adelaide's Long Term Financial Plan.
24/25 Budget Allocation	The 2024/25 Annual Business Plan and Budget includes climate initiatives totalling \$6.175M and comprised of: <ul style="list-style-type: none"> • Operating activities of \$444,000 excluding salaries. • \$1.7M for greening in 2024/25 consisting of: <ul style="list-style-type: none"> • \$1.0M green infrastructure • \$0.5M parklets • \$0.2M cycling infrastructure.
Proposed 25/26 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	The Integrated Climate Strategy has a timeframe of 2030.
24/25 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (eg maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

Background

1. At its meeting on 11 June 2024 ([Link 1](#)), Council endorsed the Integrated Climate Strategy 2030 (ICS) and noted a risk and reporting framework for the delivery and monitoring of the ICS would be delivered in the first quarter of 2024/25 and reported through the Audit and Risk Committee in September 2024.
2. The ICS is structured under five goals, each with priorities, targets and required undertakings, that address community and City of Adelaide climate action.
3. Each goal within the ICS addresses a physical, transitional, financial, governance risk and or opportunity related to climate change.

Integrated Climate Strategy Risk and Reporting Framework

4. The Integrated Climate Strategy Risk and Reporting Framework (the reporting framework) has been prepared by the City of Adelaide (CoA) with input from KMPG (Attachment A).
5. It provides guidance on the approach for reporting the progress of the Integrated Climate Strategy so that transparent, accurate and timely information can be provided to CoA stakeholders.
6. The reporting framework has been developed with reference to better practice sustainability reporting, including the Australian Sustainability Reporting Standards (ASRS) covering governance, strategy, risk management and metrics and targets.
7. The reporting framework provides for the governance of the ICS, including defining strategic, tactical and operational roles and responsibilities to drive accountability across the organisation.
 - 7.1. The Audit and Risk Committee maintains its role to provide independent assurance and advice to Council on accounting, financial management, internal controls, risk management and governance matters in relation to climate risk.
 - 7.2. The Strategic Risk and Internal Audit Committee (SRIA) is responsible for the management of climate-related risks and opportunities. SRIA is supported by the Executive Team and informs the Audit and Risk Committee (ARC) on items that require escalation (e.g., if the risk rating of a climate-related risk has increased or a novel climate-related risk or opportunity has materialised, and a mitigation strategy needs to be discussed and agreed).
 - 7.3. Both the Executive Team and SRIA are supported by an Integrated Climate Strategy Steering Group (ICS Steering Group) who are responsible for the more tactical progress and day to day resolution of operational items to do with implementation of the ICS and the identification, assessment and monitoring of climate-related risks and opportunities.
8. The reporting framework includes the following enabling documents which are for internal use and will be subject to regular review, monitoring, and updates to track the progress of the ICS:
 - 8.1. Climate-Related Risk and Opportunity Register focused on seven physical risks; three financial risks; three transitional risks; three governance risks and four opportunities.
 - 8.2. ICS Implementation Plan, including priority commitments aligned with the 2024/25 Annual Business Plan and Budget.
9. An annual statement of achievement of the ICS will be prepared at the conclusion of each financial year. Key achievements will also be reported in the City of Adelaide Annual Report required under section 131 of the *Local Government Act 1999* (SA).

Next Steps

10. The Integrated Climate Strategy (ICS) and associated risk and reporting framework commenced implementation from 1 July 2024.
11. Delivery of the reporting framework completes the agreed management actions arising from the climate risk internal audit presented to the Audit and Risk Committee in February 2024 ([Link 2](#)).

12. The Administration will work throughout 2024/25 to embed the reporting framework across the City of Adelaide to ensure that climate risk continues to be managed.

DATA AND SUPPORTING INFORMATION

Link 1 – [Integrated Climate Strategy 2030](#)

Link 2 – [Audit and Risk Committee, 10 May 2023, Climate Change Risk Adaptation Action Plan \(Item 5.1\)](#)

ATTACHMENTS

Attachment A - Integrated Climate Strategy Risk and Reporting Framework

- END OF REPORT -