

# Sustainability Incentive Scheme Review

Tuesday, 12 July 2022

Council

Strategic Alignment - Environmental Leadership

Public

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## EXECUTIVE SUMMARY

The Sustainability Incentive Scheme (SIS) has been operating since 2008/2009 and is funded annually from the Climate Change Action Initiative Fund (CCAIF). The SIS offers financial rebates to the City of Adelaide (CoA) community for the installation of sustainable technologies and initiatives that contribute to the city becoming one of the world's first carbon neutral cities.

A previous review of the SIS was completed in 2019 with the changes from that review implemented from 1 July 2019. The current review is informed by a technical review completed by Tandem Energy during April and May 2022, considering emerging technologies, market trends and regulatory opportunities and an internal review of the administrative processes and customer experience.

Based on the findings of the review, this report recommends changes to the SIS program. The proposed amendments relate to rebates, objectives and eligibility of the program to ensure the CoA continues to provide relevant incentives to encourage our community to transition to a climate ready, low carbon economy.

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## RECOMMENDATION

### THAT COUNCIL

1. Approves the changes to the Sustainability Incentives Scheme (SIS) as outlined in the Report and Attachment A to Item 10.8 on the Agenda for the meeting of the Council held on 12 July 2022, to be effective from 1 January 2023.
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## IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	<b>Strategic Alignment – Environmental Leadership</b> “Support our community to transition to a low carbon economy through education, incentives and appropriate infrastructure” “Support all CBD businesses to be green accredited”
Policy	<b>Carbon Neutral Strategy 2015-2025</b> Outcome 3, Priority 4: “Provide financial and non-financial incentives for excellence and celebrate all areas of community leadership” <b>Climate Change Risk Adaptation Action Plan 2021-2026</b> Adaptation Action 7.8: “Investigate options for an incentives scheme that encourages developers to incorporate additional green elements than what is required as standard practice (eg green walls/roofs).” <b>Resource Recovery (Organics, Recycling and Waste) Action Plan 2020-2028</b> Action 4.1.2: “Establish incentives programs, or financial models to encourage reduction of waste generation. For example, financial incentives, alternative collection service frequencies, bin sizes, service cost models and other behaviour-change tactics that encourage waste reduction and source separation.” <b>Water Sensitive City Action Plan 2021-2025</b> Action 1.1 “Develop an incentives program to assist residents, businesses and community clubs to trial innovative greening ideas using alternative water within the City.”
Consultation	A comprehensive technology review, including targeted stakeholder engagement, has been undertaken to identify emerging technologies and market/industry trends.
Resource	The Sustainability Incentives Scheme (SIS) has been operating since 2008/2009 and is funded annually through the Climate Change Action Initiative Fund.
Risk / Legal / Legislative	Not as a result of this report
Opportunities	Updates will maintain the SIS as a nationally leading community sustainability initiative.
22/23 Budget Allocation	To date \$163,000 has been allocated in the current financial year for SIS rebates through the Climate Change Action Initiative Fund.
Proposed 23/24 Budget Allocation	Funding allocation of up to \$200,000 through the Climate Change Action Initiative Fund. The Climate Change Action Initiative Fund is determined as a proportion of rates and therefore is not proposed to increase in 2022/2023.
Life of Project, Service, Initiative or (Expectancy of) Asset	Ongoing program subject to funding from the Climate Change Action Initiatives Fund.
22/23 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. The Sustainability Incentive Scheme (SIS) has been operating since 2008/2009 and is funded annually from the Climate Change Action Initiative Fund (CCAIF).
2. The SIS offers financial rebates to the CoA community for the installation of sustainable technologies and implementation of initiatives that contribute to the city becoming one of the world's first carbon neutral cities.
3. In November 2021, the SIS won the Community Engagement Achievement category in the national Cities Power Partnership Climate Awards reinforces the success of the program.
4. A previous review of the SIS was completed in 2019 with the changes from that review endorsed by Council on 25 June 2019 and implemented from 1 July 2019 (as detailed in Agenda Item 4.2 of The Committee Agenda 18 June 2019 here) [[Link 1 view here – 2019 SIS Review Agenda Paper](#)].
5. The following outcomes have been achieved by the SIS between 1 July 2019 and 31 May 2022:
  - 5.1. 123 rebates totalling \$305,520 have catalysed over \$1.9 million of community investment (details of the types of rebates are provided at [Link 2 view here](#)).
  - 5.2. The scheme leveraged \$9.36 for every \$1 spent
  - 5.3. 81% of rebates were for the installation of solar systems accounting for 79% of funding and an abatement of 1,377 tonnes of CO<sub>2</sub> equivalent per year
  - 5.4. 51% of rebates were provided to businesses accounting for 65% of funding
  - 5.5. 46% of rebates were provided to residents accounting for 30% of funding.

## Review of SIS

6. A technical review of the SIS was completed by Tandem Energy to assess emerging technologies, market trends and regulatory opportunities to accelerate carbon reduction technologies in the areas of stationary energy, waste, and transport for commercial and residential properties.
7. Key findings from the 2022 technical review are summarised below:
  - 7.1. Solar PV and energy storage have accounted for a significant portion of funding to-date.
  - 7.2. Market maturation has introduced new emissions-reducing, energy-efficient or active transport technologies for consumers.
  - 7.3. The SIS should prioritise funding towards opportunities that have a high emission potential as represented by dollar per kg of CO<sub>2</sub> equivalent per year over the project's lifespan.
  - 7.4. SIS rebate offerings can be used to supplement State or Federal government opportunities such as the Retailer Energy Productivity Scheme (REPS) and the South Australian Government's incentives for electric vehicles, to drive greater uptake through greater awareness.
  - 7.5. Current SIS objectives focus primarily on energy and transport, and there is opportunity to include waste which is the fourth largest community greenhouse emissions source.
8. The proposed broadened SIS objectives follow:
  - 8.1. Carbon emissions reduction – support an overall reduction of carbon emissions.
  - 8.2. Growing renewables – increase smart utilisation and storage of renewable electricity during peak supply periods.
  - 8.3. Zero emissions transport - accelerate transport decarbonisation to capture economic opportunities.
  - 8.4. Driving Circular Economy – eliminate food waste and increase resource recovery.
  - 8.5. Climate Readiness – support increased resilience within the city through increasing water efficiency, improving greenery, and reducing tree canopy loss.
  - 8.6. Equity, access, and affordability – accelerate uptake of sustainable technologies, practices, and initiatives in an equitable and financially responsive way.
  - 8.7. Innovation, environmental leadership and emerging technologies – catalyse early adoption, benchmark certification and enhance consumer choice.
  - 8.8. Minimal administrative effort – ensuring incentives are relatively simple to assess and provide a transparent application process.

9. Council approval is sought for the amended SIS rebates as outlined in **Attachment A**, to be effective from 1 January 2023.
10. In summary, it is proposed to discontinue three of the rebates for:
  - 10.1. Smart electricity management/controlled load;
  - 10.2. Solar hot water; and
  - 10.3. Electric vehicle charging stations (>50kW).
11. Six new rebates are proposed for:
  - 11.1. Energy monitoring;
  - 11.2. Retailer Energy Productivity Scheme (REPS) top up;
  - 11.3. Appliance electrification;
  - 11.4. Commercial green waste diversion;
  - 11.5. Business sustainability training support; and
  - 11.6. Home energy / sustainability assessment.
12. The description and/or value of a further eight rebates is proposed to be amended. Details of the changes can be found in Link 3 view [here](#).

#### **Next Steps**

13. If the amended SIS program is approved all documentation will be reviewed and updated (including the website, Terms and Conditions documents, application forms etc.), operating guidelines developed, and processes transitioned to an online system for launch from 1 January 2023.
14. A communications campaign will be developed to promote SIS and the website will be updated to include information and case studies highlighting the reasons why each rebate exists and what to consider when making procurement decisions.

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## DATA AND SUPPORTING INFORMATION

**Link 1** – 2019 SIS Review Agenda Paper

**Link 2** – Summary of the rebate types provided between 1 July 2019 and 31 May 2022

**Link 3** – Summary of reasoning for proposed changes to the Sustainability Incentive Scheme rebates

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## ATTACHMENTS

**Attachment A** – SIS Review Proposed Amendments 2022

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