



Council Agenda

NOTICE OF MEETING

Notice is hereby given that an ordinary meeting of Council will be held in the

**Council Chamber – Glenelg Town Hall
Moseley Square, Glenelg**

Tuesday 9 August 2022 at 7.00pm

Roberto Bria
CHIEF EXECUTIVE OFFICER

Ordinary Council Meeting Agenda

1. OPENING

The Mayor will declare the meeting open at 7:00pm.

2. KAURNA ACKNOWLEDGEMENT

We acknowledge Kurna people as the traditional owners and custodians of this land.

We respect their spiritual relationship with country that has developed over thousands of years, and the cultural heritage and beliefs that remain important to Kurna People today.

3. SERVICE TO COUNTRY ACKNOWLEDGEMENT

The City of Holdfast Bay would like to acknowledge all personnel who have served in the Australian forces and services, including volunteers, for our country.

4. PRAYER

Heavenly Father, we pray for your presence and guidance at our Council Meeting. Grant us your wisdom and protect our integrity as we carry out the powers and responsibilities entrusted to us on behalf of the community that we serve.

5. APOLOGIES

5.1 Apologies Received – Councillor Clancy

5.2 Absent

6. ITEMS PRESENTED TO COUNCIL

7. DECLARATION OF INTEREST

If a Council Member has an interest (within the terms of the Local Government Act 1999) in a matter before the Council they are asked to disclose the interest to the Council and provide full and accurate details of the relevant interest. Members are reminded to declare their interest before each item.

8. CONFIRMATION OF MINUTES

That the minutes of the Ordinary Meeting of Council held on 26 July 2022 be taken as read and confirmed.

9. PUBLIC PRESENTATIONS

9.1 Petitions - Nil

9.2 Presentations - Nil

9.3 Deputations

- 9.3.1 Somerton Surf Lifesaving Club
Mayor Wilson has approved a deputation from Mr Davey Taylor, Facilities Director of the Somerton Surf Lifesaving Club regarding the Sub-lease.

10. QUESTIONS BY MEMBERS**10.1 Without Notice****10.2 On Notice - Nil****11. MEMBER'S ACTIVITY REPORTS - Nil****12. MOTIONS ON NOTICE**

- 12.1 New Year's Eve – Councillor Miller (Report No: 321/22)
12.2 Leave of Absence – Councillor Clancy (323/22)
Refer to Item 18.1 under Items in Confidence.

13. ADJOURNED MATTERS - Nil**14. REPORTS OF MANAGEMENT COMMITTEES AND SUBSIDIARIES**

- 14.1 Minutes – Executive Committee – 26 July 2022 (Report No: 324/22)

15. REPORTS BY OFFICERS

- 15.1 Items in Brief (Report No: 322/22)
15.2 Climate Change Adaption Governance Assessment (Report No: 325/22)
15.3 Anti-Discrimination Policy (Report No: 326/22)
15.4 Brighton Cricket Club Licence (Report No: 330/33)

16. RESOLUTIONS SUBJECT TO FORMAL MOTIONS

Presented for the information of Members is a listing of resolutions subject to formal resolutions, for Council and all Standing Committees, to adjourn or lay on the table items of Council business, for the current term of Council.

17. URGENT BUSINESS – Subject to the Leave of the Meeting**18. CONFIDENTIAL**

- 18.1 Leave of Absence – Councillor Clancy (Report No: 323/22)

Pursuant to Section 83(5) of the *Local Government Act 1999* the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:

- a. information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

18.2 Somerton Surf Lifesaving Club Restaurant and Function Centre Sub-Lease
(Report No: 303/22)

Pursuant to Section 83(5) of the *Local Government Act 1999* the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:

- b. **Information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and would, on balance, be contrary to the public interest.**
- d. **commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and would, on balance, be contrary to the public interest.**

18.3 H-Class Tram Options (Report No: 328/22)

Pursuant to Section 83(5) of the *Local Government Act 1999* the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:

- b. **Information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and would, on balance, be contrary to the public interest.**

18.4 Glenelg Town Hall – Commercial Area – Summer Pop Up
(Report No: 315/22)

Pursuant to Section 83(5) of the *Local Government Act 1999* the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:


- b. **Information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and would, on balance, be contrary to the public interest.**

18.5 Glenelg Foreshore Amusement Device (Report No: 318/22)

Pursuant to Section 83(5) of the *Local Government Act 1999* the Report attached to this agenda and the accompanying documentation is delivered to the Council Members upon the basis that the Council consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that Council will receive, discuss or consider:

- k. tenders for the supply of goods, the provision of services or the carrying out of works.

19. CLOSURE



ROBERTO BRIA
CHIEF EXECUTIVE OFFICER

Item No: 12.1

Subject: **MOTION ON NOTICE – NEW YEAR’S EVE – COUNCILLOR MILLER**

Date: 9 August 2022

PROPOSED MOTION

Councillor Miller proposed the following motion:

That Council authorise the Mayor to write to the Premier, Peter Malinauskas MP detailing in the strongest terms the need for an equitable funding arrangement in Council’s delivery of New Year’s Eve celebrations, which are an important event for the whole of SA.

BACKGROUND

Council’s event budget is grossly enlarged by Council’s delivery of NYE at the Bay, an event that is curated for the benefit of the state. Large portions of the budget involve Council complying with State Government directions such as crowd control and police presence. Council cannot continue to deliver these events without greater State Government financial support. The \$25,000 grant received from our previous letter is not only a fraction of the total cost but also less than previous years. We are going backwards and this is unacceptable.

Item No: 14.1

Subject: **MINUTES – EXECUTIVE COMMITTEE – 26 JULY 2022**

Date: 9 August 2022

Written By: Personal Assistant, Strategy and Corporate

General Manager: Strategy and Corporate, Ms P Jackson

SUMMARY

The minutes of the meeting of the Executive Committee held 26 July 2022 are presented to Council for information.

RECOMMENDATION

That Council:

1. notes the minutes of the Executive Committee of 26 July 2022; and

RETAIN IN CONFIDENCE - Section 91(7) Order

2. That having considered Agenda Item 14.1 Minutes – Executive Committee – 26 July 2022, Report No 324/22 in confidence under section 90(2) and (3)(a) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report, attachments and minutes be retained in confidence for a period of 24 months and that this order be reviewed every 12 months.
-

STRATEGIC PLAN

Statutory compliance

COUNCIL POLICY

Not applicable

STATUTORY PROVISIONS

Not applicable

BACKGROUND

Council established an Executive Committee pursuant to Section 41 of the *Local Government Act* with responsibility for undertaking the annual performance appraisal of the Chief Executive Officer to:

- recommend to Council the form and process of the Chief Executive Officer's annual performance appraisal;
- undertake the annual performance appraisal; and
- provide a report and to make recommendations to Council on any matters arising from the annual performance appraisal.

The Executive Committee's authority extends to making recommendations to Council and does not have any authority to make decisions in relation to the Chief Executive Officer's employment arrangements.

REPORT

The minutes of the meeting of the Executive Committee held on 26 July 2022 are attached for Members' information.

Refer Attachments 1 and 2

BUDGET

Not applicable

LIFE CYCLE COSTS

Not applicable

Attachment 1



Minutes of the meeting of the Executive Committee of the City of Holdfast Bay held in the Council Chamber, Glenelg Town Hall, Moseley Square, Glenelg, on Tuesday 26 July 2022 at 5.30pm.

PRESENT

Members

Chairman – Mayor A Wilson

Deputy Mayor – J Smedley

Councillor R Abley (visual and audio presence)

Councillor W Miller

Councillor R Snewin

Councillor S Lonie

Independent Member

Ms C Molitor

Staff

General Manager, Strategy and Corporate - P Jackson

1. OPENING

The Chairman declared the meeting open at 5.33pm.

2. APOLOGIES

2.1 Apologies Received

2.2 Absent

3. DECLARATION OF INTEREST

Members were reminded to declare their interest before each item.

4. CONFIRMATION OF MINUTES

Motion

That the minutes of the Executive Committee held on 17 May 2022 be taken as read and confirmed.

Moved by Cr Smedley, Seconded by Cr Lonie

Carried

5. CONFIDENTIAL REPORTS BY OFFICERS**5.1 Performance Review – Chief Executive Officer (Report No: 306/22)****Motion – Exclusion of the Public – Section 90(3)(a) Order**

- 1** That pursuant to Section 90(2) of the *Local Government Act 1999* the Executive Committee hereby orders that the public be excluded from attendance at this meeting with the exception of the General Manager, Strategy and Corporate and staff minute taker in attendance at the meeting in order to consider Report No: 306/22 Performance Review – Chief Executive Officer in confidence.
- 2.** That in accordance with Section 90(3) of the *Local Government Act 1999* the Executive Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 306/22 Performance Review – Chief Executive Officer on the following grounds:
 - a.** pursuant to Section 90(3)(a) of the Act, the information to be received, discussed or considered in relation to Report No: 306/22 Performance Review – Chief Executive Officer is information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead), being Chief Executive Officer, Mr Roberto Bria, in that details of his performance review will be discussed, which are sensitive and are details only known to those who have participated in the discussion.
- 3.** The Executive Committee is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.

Moved Cr Lonie, Seconded Cr Snewin

Carried

RETAIN IN CONFIDENCE - Section 91(7) Order

That having considered Agenda Item 5.1 Performance Review – Chief Executive Officer in confidence under section 90(2) and (3)(a) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report, attachments and minutes be retained in confidence for a period of 24 months and this order be reviewed every 12 months.

Moved Cr Miller, Seconded Cr Lonie

Carried Unanimously

6. URGENT BUSINESS – SUBJECT TO THE LEAVE OF THE MEETING - Nil

7. CLOSURE

The Meeting closed at 6.03 pm.

CONFIRMED 9 August 2022

CHAIRMAN

Item No: 15.1

Subject: **ITEMS IN BRIEF**

Date: 9 August 2022

Written By: Executive Support Officer

Chief Executive Officer: Mr R Bria

SUMMARY

These items are presented for the information of Members.

After noting the report any items of interest can be discussed and, if required, further motions proposed.

RECOMMENDATION

That the following items be noted and items of interest discussed:

1. **Seacliff Suburb Boundary**
 2. **Implementation of Local Government Advice Scheme**
 3. **Dover Square Tennis Club upgrade Sod Turning**
 4. **FOGO Update**
 5. **Bay Discovery Centre Visitor Numbers 2021/22**
-

REPORT

1. Seacliff Suburb Boundary

On 26 July 2022, Administration received advice that the Surveyor-General, having received Council's response to consultation on the realignment of the Seacliff/Seacliff Park/Marino suburb boundary, would be proceeding with the original proposal (not the alternative proposed by the City of Marion). The Surveyor-General will be recommending to the Minister for Planning to formally undertake public consultation on the initial suburb boundary realignment. That is, a realignment and extension of the current suburb boundary of Seacliff to ensure the residential/commercial development site known as 'Seacliff Village' is contained entirely within the suburb of Seacliff.

Refer Attachment 1

The following points form the basis for this recommendation:

- Addresses of existing residents will remain unaffected. Creating a new suburb would directly impact approximately 90 existing residents located south of Ocean Boulevard within Seacliff Park. Previous suburb name changes indicate up to a twelve-month period where affected residents experience high levels of confusion and frustration with changes to address;
- Emergency Services access remains unchanged;
- Creating a new suburb for only a relatively small number of residents is not desirable – the golf course and quarry land would occupy most of the new suburb;
- Extending the suburb of Seacliff further to the south would create a very long narrow suburb that geographically does not accord with the current suburb of Seacliff that is predominantly known as a coastal suburb;
- Naming the new suburb ‘Seacliff Heights’ could create confusion with ‘Seacombe Heights’ and ‘Seaford Heights’;
- Extending the suburb boundary of Seacliff to include only the proposed development is a low-impact solution to what can be a complex process; and
- The inconvenience and cost that would be incurred by the existing residents of Seacliff Park to change their address out-weighs the benefit of creating a new suburb.

All parties will be informed of the Minister’s decision of the intention to alter the suburb boundary, which will provide an opportunity to make further formal comment during the public consultation period.

2. Implementation of Local Government Advice Scheme

Council received correspondence from Adam Wilson, Chief Executive Officer of the Essential Services Commission of South Australia regarding the implementation of the Local Government Advice Scheme. The Framework, Approach and the Schedule of Councils Fast Sheet, published on 1 August 2022 is also provided for Members information. As the schedule shows, the City of Holdfast Bay will participate in the scheme in the 2025-26 year.

Refer Attachment 2

3. Dover Square Tennis Club Upgrade Sod Turning

Sod was turned at the Dover Square Tennis Club in South Brighton on Tuesday 2 August 2022 to commemorate the start of the upgrades. The project will see a complete rebuild of courts 3 and 4, as well as new sports lighting across all four

courts, enabling the club to increase capacity and improve access to physical activity for the community.

Mayor Amanda Wilson, along with club's Vice President Ms Deb Milne and Treasurer Ms Janis Marsh turned the sod. In attendance was a representative from Ms Louise Miller-Frost, the Member for Boothby's office, members from the Dover Square Tennis Club, along with Councillors Lindop, Bradshaw, Smedley, Abley, Patton and Fletcher. The Honourable Katrine Hildyard MP, Minister for Recreation, Sport and Racing was unable to attend but sent her apologies and best wishes to the club for the project.

The \$470,000 project is a collaborative partnership made possible by joint commitments between the Federal and State Governments, the City of Holdfast Bay and the Dover Square Tennis Club and is due to be completed by the end of the year.

4. FOGO Update

The transition to weekly FOGO and fortnightly landfill collections began the first week of July for Monday collections and the first week of August for Tuesday and Wednesday collections.

Community response to the change has been very positive with a number of positive feedback emails received thanking Council for being "brave enough" to make the change. Approximately 10 complaint emails have been responded to from residents mainly concerned that the initiative is purely a cost saving measure. Responses explaining the additional level of service and flexibility associated with the model as well as the environmental benefit behind the change have been sent.

Only one resident on the old service has complained about the need for stickers. These stickers are imperative for the waste truck driver to be able to identify households with weekly landfill collections.

Administration has received enquiries from 13 local councils interested in learning more about the weekly FOGO model. An online presentation to Recycling Victoria regarding weekly FOGO is set for 9 August 2022. Moreton Bay Council (Queensland) are also visiting Holdfast Bay on 10 August 2022 to discuss learning and how the change has been implemented.

Estimated diversion rates are currently only available for the Monday zone as the Tuesday and Wednesday zones have not completed a whole collection cycle under the new model. The estimated 66% landfill diversion for Mondays is a significant increase from the 58% Council wide diversion achieved in 2021/22. A number of households who haven't opted out to the old service are still presenting their landfill bin on recycling week. This was experienced throughout the trial during the grace period and is commonly seen in any council area changing bin collection weeks and days.

From Monday 15 August 2022 only households that have opted out to the old service, businesses and larger multiple unit dwellings will have their landfill bin collected weekly. This change should increase the landfill diversion to the predicted 70%. Households in the Monday collection zone will receive a flyer next week thanking households who have been presenting the correct bins and advising

residents that only households that have opted out to the old service will soon have their landfill bin collected weekly.

To date we have delivered over 8,500 welcome packs, opt-out is around 10 % of the Monday area which is lower than we allowed for, and upsize requested for the residual bin is again lower than allowed for.

5. Bay Discovery Centre Visitor Numbers 2021/22

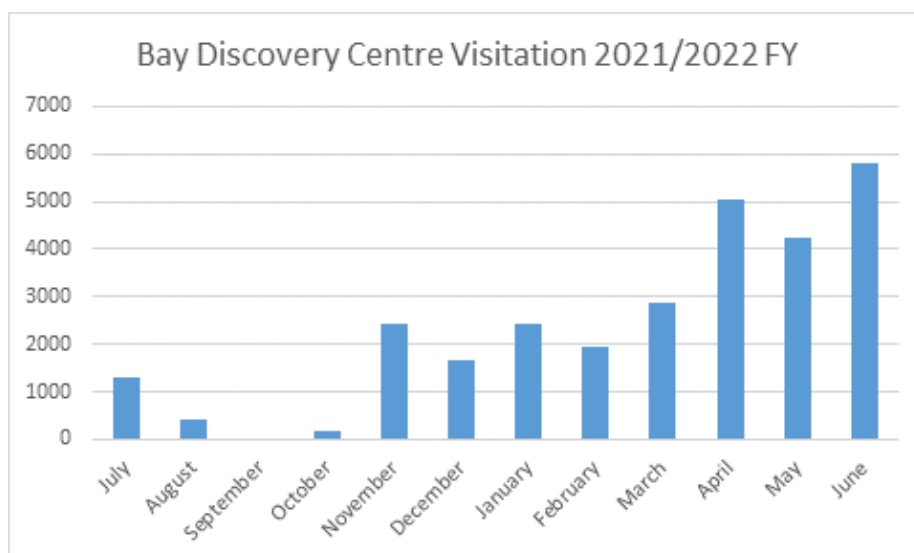
During the 2021/22 Financial Year, 28,324 people interacted with the Bay Discovery Centre which incorporates the Museum, Gallery and Visitor Information Outlet. During this period, 12,642 people visited the Museum, 8,246 the Gallery, 823 people participated in school group or community group tours and the Visitor Outlet received 6,679 visitor queries. Services within the Bay Discovery Centre have seen an increase in visitation due to the re-opening of the Gallery and an end to Covid restrictions. In comparison to the 2020/21 Financial Year, the Museum has seen a 102% increase in visitation numbers, whilst the Visitor Information Outlet has also seen a steady increase in numbers, especially between April to June 2022.

The 2022 History Festival exhibition, The Finishing Touch, ran from April to July 2022 and welcomed 9,298 visitors, the Gallery's largest numbers since 2019.

The July 2022 School Holiday program, which offered a range of activities for kids across the Gallery and Museum floors, welcomed just over 450 participants with 1,897 people visiting during this two week period. This is in comparison to July 2021 when the Museum attracted 1,130 visitors - a substantial increase of just under 900 visitors. The Centre thanks the Holdfast Bay Arts volunteers who helped to deliver this program of events. During this period, the Museum also raised just over \$300 for the Cancer Council SA as part of event The Finishing Touch Devonshire Tea in the Gallery.

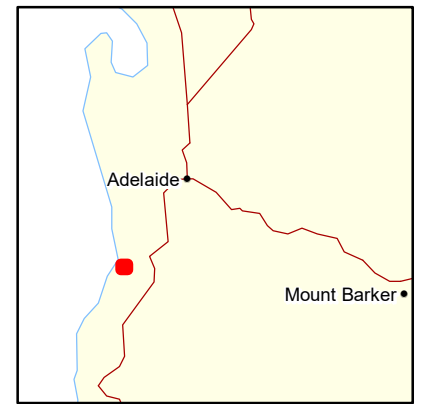
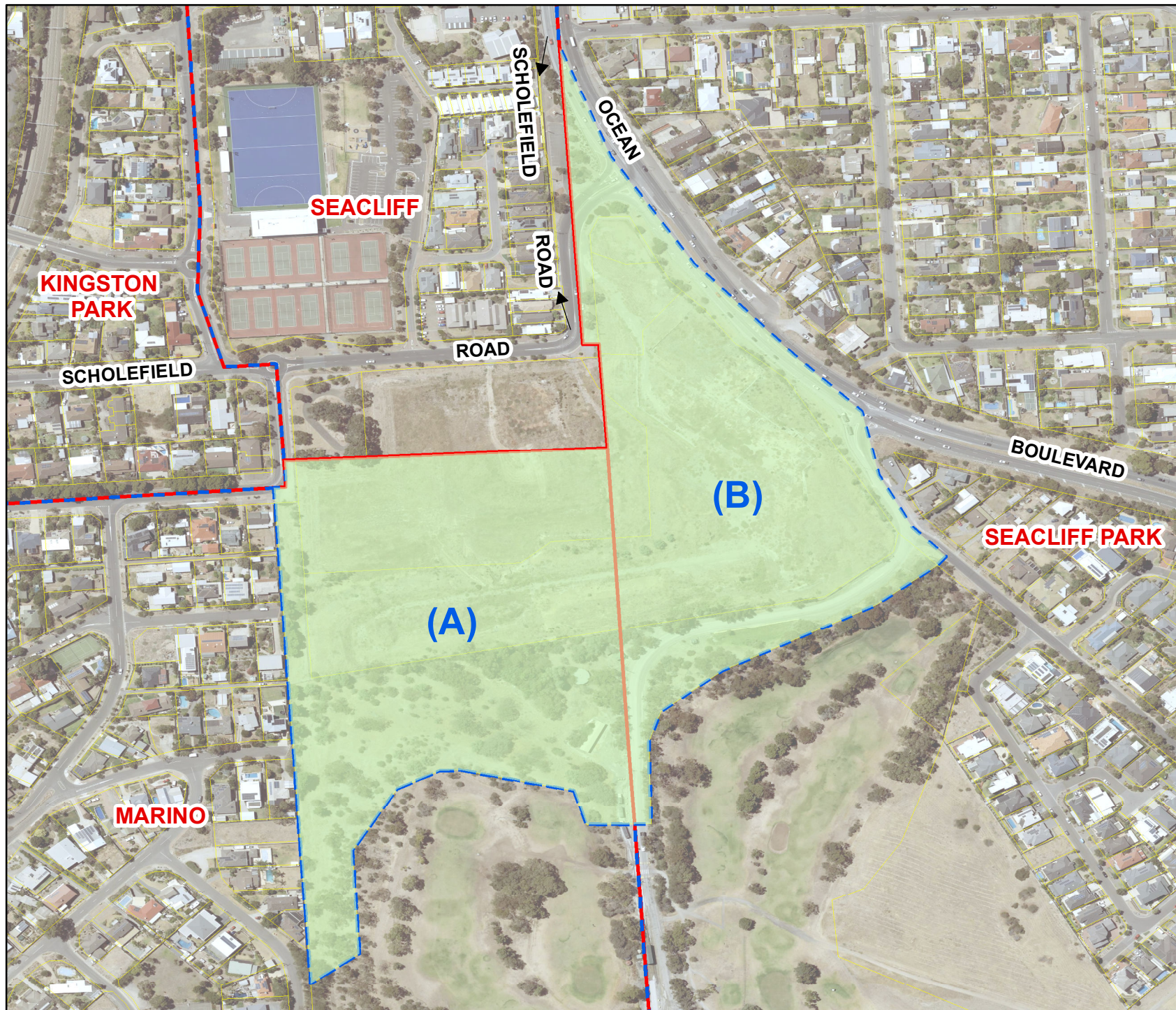
The Bay Discovery Centre team is happy to say that along with visitation numbers increasing after a difficult few years, the Centre has also welcomed a number of new volunteers to the team. Currently the SALA 2022 exhibition, Palindrome, is open to the public.

You can read more about this via <https://www.holdfast.sa.gov.au/discover-our-place/whats-on/palindrome>. You can also pick up a copy of the Gallery Exhibition Program at the Bay Discovery Centre or view it online via www.holdfast.sa.gov.au/BDC.



Attachment 1





SUBURB BOUNDARY ALTERATION OF SEACLIFF, MARINO AND SEACLIFF PARK



0 20 40 80 120 160
Meters

Legend

- Area Affected
- Parcel Boundaries
- Suburb Boundaries**
- Proposed
- Current

DESCRIPTION

Exclude from the suburb of MARINO that area marked (A) and SEACLIFF PARK that area marked (B) shown highlighted in green and include in the suburb of SEACLIFF.



Government of South Australia
Attorney-General's Department

Attachment 2





A2501820
ESCOSA21/0105

1 August 2022

Roberto Bria
Chief Executive Officer
City of Holdfast Bay
PO Box 19
Brighton SA 5048

Level 1
151 Pirie Street Adelaide
South Australia 5000

GPO Box 2605 Adelaide
South Australia 5001

Telephone (08) 8463 4444
Freecall 1800 633 592

www.escosa.sa.gov.au

escosa@escosa.sa.gov.au

Letter sent via email to: rbria@holdfast.sa.gov.au

Dear Roberto

Implementation of Local Government Advice

On 30 April 2022, amendments to the *Local Government Act 1999* (the **LG Act**) came into operation (**the amendments**). They introduced an advisory scheme that aims to give ratepayers confidence that the rates they pay are set at the level necessary for their council to provide the services they value. The Essential Services Commission (**Commission**) is the advisory body. The State's 68 councils are subject to the scheme.

The amendments gave the Commission discretion in relation to scheme design and implementation. The Commission consulted on a proposed framework and approach, and, after taking to account comments received, has resolved a final [Framework and Approach](#) as published on 1 August 2022.

The Framework and Approach builds on documents that councils are already required to have under the LG Act: their long-term financial plans (**LTFP**) and their infrastructure and asset management plans (**IAMP**). The focus of the scheme is that the Commission must advise on material changes made or proposed to be made to councils' LTFPs and IAMPs (and a council's reasons for those changes), if any, and revenue sources outlined in the LTFPs. These are referred to in the LG Act as '*Relevant Matters*'. The Commission also has discretion to advise on other issues concerning LTFPs or IAMPs.

Schedule for the scheme

The four-year [schedule for the scheme](#) (2022-23 to 2025-26) indicated which of the 68 councils would be subject to the scheme in each financial year, based on a consistent spread of different local government classifications in each year.

As indicated in the Schedule, City of Holdfast Bay will participate in the scheme in year four, 2025-26.

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The Commission will provide further information regarding information requirements and the implementation timeline prior to City of Holdfast Bay's participation in the scheme.

Engagement with the Commission

As discussed in the Framework and Approach, the Commission has commenced collecting historical information from 2011-12, primarily relating to historical Model Financial Statements, from councils' website and other public sources, reducing the burden on councils. Where there are data gaps, the Commission has commenced discussions with council staff to see if those data are otherwise available.

As a result, in relation to historical data, the Commission will limit requests to specific councils to address any information 'gaps' in the record, that the Commission considers relevant when undertaking its function under the LG Act. The Commission will provide councils the opportunity to verify the information it has collected.

I request that you please advise contact details of a relevant officer in your organisation to enable engagement on these matters, as follows:

- ▶ name
- ▶ position
- ▶ email address, and
- ▶ phone number.

It would be appreciated if the contact information is emailed to advice@escosa.sa.gov.au, by 31 August 2022.

If you have questions regarding the scheme, please contact Denise Ang, Senior Manager, Evaluation, on (08) 8389 8851 or via email at advice@escosa.sa.gov.au.

Yours sincerely



Adam Wilson

Chief Executive Officer

Letter will only be sent electronically

OFFICIAL



Advice

Local Government Advice

Framework and Approach

August 2022

OFFICIAL

Enquiries concerning this Framework and Approach should be addressed to:

Essential Services Commission
GPO Box 2605
ADELAIDE SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: escosa@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

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Glossary of terms

Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
CPI	Consumer Price Index
Draft F&A	Local Government Rates Oversight Scheme: Draft Framework and Approach
F&A	Local Government Advice: Framework and Approach (this document)
LG Act	<i>Local Government Act 1999</i>
LGA	Local Government Association
LGFMG	Local Government Financial Management Group
LGGC	Local Government Grants Commission
LGPI	Local Government Price Index
LTFP	Long-term financial plans
IAMP	Infrastructure and asset management plan
The Scheme	Local Government Advice Scheme
SMP	Strategic Management Plan

1 Executive summary

On 30 April 2022, amendments to the *Local Government Act 1999* (the **LG Act**) came into operation (**the amendments**). Those amendments introduced an advisory scheme aiming to give ratepayers confidence that the rates they pay are set at the level necessary for their council to provide the services they value. The Essential Services Commission (**Commission**) is the advisory body. The State's 68 councils are subject to the scheme.

The amendments gave the Commission discretion in relation to scheme design and implementation. The Commission consulted on a proposed framework and approach and, after taking into account comments received, has resolved a final Framework and Approach as set out in this document.

The Framework and Approach builds on documents that councils are already required to have under the LG Act: their long-term financial plans (**LTFP**) and their infrastructure and asset management plans (**IAMP**). The focus of the scheme is that the Commission must advise on material changes made or proposed to be made to councils' LTFPs and IAMPs (and a council's reasons for those changes), if any, and revenue sources outlined in the LTFPs. These are referred to in the LG Act as '*Relevant Matters*'. The Commission also has discretion to advise on other issues concerning LTFPs or IAMPs.

The legislation provides for two methods for the Commission to receive the information on which its advice will be based. The first method is by way of a schedule determined and published by the Commission under which councils are required to provide information on *Relevant Matters*. The other is a power to require a council to provide information that the Commission reasonably requires to provide the advice.

It is an advisory scheme, rather than a compulsive one. The scheme provides advice only, with decision making in the hands of the councils. This means that the Commission cannot require councils to follow the advice. However, the scheme requires both the Commission and councils to publish the advice and, if a council wishes to respond to the advice, that council must publish that response in its annual business plan.

Advice provided under the scheme therefore has broad benefits: it will inform councils' decision making and will also provide to ratepayers and other interested stakeholders an independent consideration of a council's plans, thereby adding value across local communities. In this way the scheme will achieve its purpose of giving confidence to ratepayers about the setting of their rates.

1.1 Scheme design principles and concepts

Seven principles guided the Commission in the Framework and Approach design:

Table 1: Principles

Principle	Reason
Principle 1: Monitoring, not regulating	The scheme relates to monitoring, not economic regulation. As such, the design focuses on providing evidence-based and useful advice. The objective being, through time, to develop a record of a council's performance, relative to its long-term planning, and its response to advice, as the basis for changing behaviours and outcomes over time. The scheme does not provide the Commission with powers to enforce compliance measures, set service standards or regulate any council's rates. In those respects, it differs from other States' council rates regulation frameworks, such as those in Victoria and New South Wales.

Principle	Reason
Principle 2: Long-term planning focus	While councils can provide a diverse range of services, they are generally delivered through infrastructure and operations that require long-term planning. In relation to existing infrastructure assets, in the absence of significant shocks outside of a council's control, its long-term plans would not be expected to exhibit significant variation through time (replacement/renewal expenditure should not materially vary due to political cycles, or short-term transient operational or financial concerns). For new assets, it is important that these are planned for, implemented and managed on that same long-term basis.
Principle 3: Materiality	Focus will be given to key overarching targets and measures. Otherwise, the underlying analysis may become unduly complex/disaggregated, with key observations diluted through unnecessary detail.
Principle 4: Simplicity	The scheme will be as simple as it practically can be and be capable of being applied across the diverse range of councils within South Australia.
Principle 5: Leveraging existing information and evidence	The Local Government Grants Commission (LGGC) collects data and the Local Government Association (LGA) provides guidance material regarding financial and service sustainability. As such, a significant amount of underlying information and a standard accounting framework exists - this will underpin the analytical framework. In accordance with the legislative framework, if demonstrable gaps in information become apparent that are of relevance to the operation of the scheme, it may be necessary to collect further information in relation to this.
Principle 6: Consistency of application	The scheme will be applied consistently across councils in terms of the underlying processes and analytical framework. Advice across councils will only be similar if all the inputs into the analytical framework (both quantitative and qualitative) result in similar advice being warranted.
Principle 7: Transparency	The implementation of the scheme requires transparency in processes and approach. Each council will be provided with the information and calculations upon which the advice relating to it has been based.

In addition to the design criteria, the core concept is that councils should operate on a long-term financially sustainable basis, for the benefit of ratepayers. The Commission will apply the nationally agreed definition of financial sustainability for the local government sector, which is:

A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

The Commission considered that concept in the context of three elements (the sustainability elements), developed by the local government sector, which are:

Program stability: This relates to the provision of reliable quality services over time, and requires a stable and consistent set of actions, from the perspective of day-to-day operations and infrastructure management.

Rate stability: This relates to charging ratepayers reasonably to fund the services, underpinned by the program of works noted previously (program stability). Rates should be stable, noting that stable does not mean fixed but rather the absence of large or unplanned year-on-year variances.

Intergenerational equity: This relates to fairly sharing services and the associated cost between current and future ratepayers. It requires adopting sound long-term financial management principles, particularly in relation to the balance between debt and cash in financing service delivery.

The sustainability elements should already be applied in practice. They encapsulate financial and service sustainability, cost control and affordability in a way which can be measured consistently on both a forward- and backward-looking basis, given their connection with the model accounting framework adopted. This provides a picture of how a council proposes to manage its ongoing financial and service sustainability, in the context of its past decisions, and the role that general rates, affordability and cost control will play.

1.1.1 The advice

In a four-yearly cycle for each council, the Commission will address the *Relevant Matters*, which are:

- ▶ material amendments made or proposed to be made to the council's LTFP and IAMP and the council's reasons for those amendments
- ▶ revenue sources outlined in the funding plan (being a component of the LTFP) and
- ▶ any other matter prescribed by the regulations.

This will be informed by each council's own performance and financial trends, producing trend-based advice that will:

- ▶ support councils to make decisions relating to their annual business plans and budgets in the context of their LTFP and IAMPs, which together are foundational documents that set out how councils propose to manage their financial position and performance over the longer term, and
- ▶ assist councils to make appropriate decisions on the level of financial contributions to be made by ratepayers for the provision of services and infrastructure within the context of their LTFPs and the financing options available to councils (such as the use of borrowings or reserves).

In preparing this trend-based advice, the Commission will inform itself by reference to historical information (from 2011-12 onwards) that councils are already required to have under the Act, and to existing practices, procedures and protocols. In particular, it will have regard to three financial indicators specified in the *Local Government (Financial Management) Regulations 2011*: the operating surplus ratio, the net financial liabilities ratio and the asset renewal funding ratio. Since 2011, councils have been required to refer to these three indicators in their plans, annual budget, mid-year budget review and annual financial statements.

2 Introduction

Through amendments to the *Local Government Act 1999* (the **LG Act**), which came into operation on 30 April 2022, the South Australian Government has enacted a Local Government Advice Scheme (**the scheme**). The scheme involves the provision by the Commission of advice to councils in relation to their strategic management plans.

The scheme will benefit ratepayers by supporting councils' decision-making processes, affording ratepayers increased transparency and greater confidence that council operations are being undertaken on a long-term financially sustainable basis.

Importantly, the scheme implicitly recognises the ability of councils and their ratepayers to make decisions on the level and scope of services that the community might desire and for which it may be willing to pay. The advice to be provided under the scheme will provide independent and transparent information on matters which will be key to those discussions and decisions. The advice will also provide to ratepayers and other interested stakeholders an independent consideration of a council's plans, thereby adding value across local communities.

Equally importantly, the scheme and the advice under it are not in the nature of an 'audit' or any similar concept. Those are distinct activities for different and distinct purposes, with a backwards-looking focus; this scheme is for the purposes outlined above and, as explained in this document, is forward-looking in nature. Nor is the scheme regulatory in nature: it is an advisory scheme, rather than a compulsive one; councils are not required to follow the advice.

Under the LG Act, the Commission is responsible for developing and administering the scheme. In March 2022, the Commission commenced public consultation, through a Draft Framework and Approach document (**Draft F&A**), on how it proposed to undertake those statutory tasks. The Draft F&A focussed on explaining how the Commission proposed to understand and analyse strategic management plans so it can give the advice.

This paper sets out the Commission's final Framework and Approach (**F&A**) (refer Chapter 5), including responses to the submissions received through the consultation process and an explanation of any amendments made to its approach to developing and administering the scheme (refer Chapters 3 and 4).

2.1 Scheme overview

Under the scheme set out in section 122 of the LG Act, a council must, on or before 30 September in the relevant financial year for the council, provide to the Commission all relevant information on the following matters (the *Relevant Matters*) in accordance with guidelines determined by the Commission (if any):

- ▶ material amendments made or proposed to be made to the council's long-term financial plan (**LTFP**) and infrastructure and asset management plan (**IAMP**) and the council's reasons for those amendments
- ▶ revenue sources outlined in the funding plan (being a component of the LTFP) and
- ▶ any other matter prescribed by the regulations.

Following the provision of information by a council, the Commission, on or before 28 February in the relevant financial year for the council:

- ▶ *must* provide advice to the council on the appropriateness of the *Relevant Matters* (as defined above) in the context of the council's long-term financial plan and infrastructure and asset management plan (as this is a mandatory requirement it may be seen as the Commission's primary scheme statutory function under section 122(1f)(a) of the LG Act), and
- ▶ *may*, if the Commission considers it appropriate having regard to the circumstances of a particular council, provide advice in relation to any other aspect of the council's long-term financial plan and infrastructure and asset management plan (as this is a discretionary requirement it may be seen as the Commission's secondary scheme statutory function under section 122(1f)(b) of the LG Act).

In providing advice under section 122(1f)(a), the Commission:

- ▶ *must* have regard to the following objectives:
 - the objective of councils maintaining and implementing long-term financial plans and infrastructure and asset management plans, and
 - the objective of ensuring that:
 - the financial contributions proposed to be made by ratepayers under the council's long-term financial plan and infrastructure and asset management plan are appropriate, and
 - any material amendments made or proposed to be made to these plans by the council are appropriate.
- ▶ *may* have regard to any information or matter the Commission considers relevant (whether or not such information or matter falls within the ambit of the matters defined as *Relevant Matters*).

A council must ensure that the advice provided by the Commission under the scheme, and any response of the council to that advice, is published in the council's annual business plan (both the draft and adopted annual business plan) in the relevant financial year and each subsequent financial year (until the next relevant financial year for that council).

The *Relevant Financial Year* is the year in which a council goes through the scheme. The first cycle of the scheme is four years long, with around 17 councils going through the scheme annually, based on the current Schedule.

The scheme also provides two methods for the Commission to obtain information it requires.

First, under section 122(1e) of the LG Act, a council must provide to the Commission all relevant information on *Relevant Matters* on or before the end of September in a year when it goes through the scheme (and, if the Commission has made guidelines, then the council must follow those guidelines in doing so).

Second, under section 122(1j), the Commission can require a council to provide information in that council's possession, where the Commission reasonably requires that information for the performance of its functions.

In both instances, whether making guidelines or requiring other information, the Commission will give careful consideration to whether the information concerned is reasonable in terms of its primary and secondary scheme statutory functions.

2.2 Financial sustainability – LTFPs and IAMPs

The nationally agreed definition of financial sustainability for the local government sector is:

A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

The Commission considered that concept in the context of three elements (the sustainability elements), have been developed by the local government sector, which are:

Program stability: This relates to the provision of reliable quality services over time, and requires a stable and consistent set of actions, from the perspective of day-to-day operations and infrastructure management.

Rate stability: This relates to charging ratepayers reasonably to fund the services, underpinned by the program of works noted previously (program stability). Rates should be stable, noting that stable does not mean fixed but rather the absence of large or unplanned year-on-year variances.

Intergenerational equity: This relates to fairly sharing services and the associated cost between current and future ratepayers. It requires adopting sound long-term financial management principles, particularly in relation to the balance between debt and cash in financing service delivery.

The sustainability elements should already be applied in practice. They encapsulate financial and service sustainability, cost control and affordability in a way which can be measured consistently on both a forward- and backward-looking basis, given their connection with the model accounting framework adopted. This provides a picture of how a council proposes to manage its ongoing financial and service sustainability, in the context of its past decisions, and the role that general rates, affordability and cost control will play.

The LG Act provides for a cycle of planning, aimed at embedding financial sustainability into a council's planning processes. It requires that a council must ensure the sustainability of its long-term financial performance and position.¹ Councils also need to have a Strategic Management Plan (SMP), including a LTFP and an IAMP, with both covering a period of at least ten years.² A council's Audit Committee must provide input to any review of SMPs.

Regulation 5(1) of the *Local Government (Financial Management) Regulations 2011* requires that a LTFP must include:

- ▶ a summary of proposed operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled *Uniform Presentation of Finances*, and
- ▶ estimates and target ranges adopted by the council in each year of the LTFP, with respect to an operating surplus ratio, a net financial liabilities ratio, and an asset renewal funding ratio, presented in a manner consistent with the note in the Model Financial Accounts entitled *Financial Indicators*.

Further, the LTFP must include a statement³ setting out the purpose of the LTFP, the basis on which it has been prepared (including key assumptions) and the key conclusions which may be drawn from the estimates, proposals and other information in the LTFP.

¹ Section 8.

² Section 122 (1a)

³ This statement must be expressed in plain English and must avoid unnecessary technicality and excessive detail.

The LG Act requires an annual review of LTFPs.⁴ As part of that review, a council's Chief Executive Officer must prepare a report on the council's financial sustainability.⁵

IAMPs are to be updated within two years after each general election of the council.⁶

2.3 Draft Framework and Approach

On 31 March 2022, the Commission published a *Local Government Rates Oversight Scheme: Draft Framework and Approach (Draft F&A)* for an eight-week consultation period, ending 27 May 2022. That document set out the Commission's:

- ▶ understanding and interpretation of the legislative framework enacting the scheme
- ▶ proposed analytical framework and approach for implementing the scheme
- ▶ proposed approach to information collection and information provision guidelines, and
- ▶ indicative cost estimates for administering the scheme, and options for recovering those costs.

The Commission also published a Schedule, which identified the year that each council would go through the first four-year cycle of the scheme (the *Relevant Financial Year* for each council).

Elements of the Draft F&A have already been updated during the process of preparing this F&A, reflecting the Commission's own work during that time. This includes having itself accessed historical financial and operational data (rather than requiring councils to do so) where that is available on the public record (e.g., council and other public websites) and commencing work with individual councils in anticipation of the scheme's commencement.

One further change, discussed with councils during the consultation process, is the name of the scheme. During the development of the scheme, it was generally referred to as a 'rates oversight' regime – and the Commission adopted that term for the Draft F&A.

It was noted during consultation that this term does not reflect the provisions of the scheme as set out in the LG Act. The Commission has therefore decided to change the term for its new role to 'Local Government Advice'. This change is reflected in this F&A and in the Commission's communication materials.⁷

2.4 Submissions

The Commission received 27 submissions to the consultation: one from the Local Government Association (LGA), one from the Local Government Financial Management Group (LGFMG), 24 from individual councils and one from a private individual.

Submissions expressed concerns that:

- ▶ the proposals in the Draft F&A are beyond the scope of that envisaged for the scheme under the LG Act
- ▶ the proposals are onerous on councils in terms of information provision and the use of council resources

⁴ Section 122 (4)(a)

⁵ Section 122 (4a)(a)

⁶ Section 122 (4)(b)

⁷ See, for example, the local government advice page on the Commission's website, which, along with information on the Commission's other advisory role (to Government), can be accessed via the 'Advice' tab on the home page of the Commission's website at www.escosa.sa.gov.au

- ▶ the proposals do not add any value to existing requirements and processes, and
- ▶ the Commission's proposed costs under the scheme are greater than expected.

These, and other specific concerns regarding the Draft F&A's proposals are discussed in detail in Chapter 4.

In summary, many of the matters raised focussed on a particular view of the legal operation and effect of the scheme and the Commission's powers under it. The Commission has considered the reasoning underpinning that view and, for the reasons set out in Chapter 4, it does not accept it.

2.5 Next steps

Having considered submissions and finalised the F&A, the Commission's focus moves to practical implementation of the scheme. Since the commencement of the relevant section of the LG Act in April 2022 (after the release of the Draft F&A), the Commission has collected much, but not all, of the historical quantitative information from 2011-12 onwards that it needs from councils' websites and other public sources, collating those for use in analysis for the preparation of advice.

It has also commenced discussions with individual councils, focussing on those for whom 2022-23 is the *Relevant Financial Year*, and it will continue to do so. The Commission thanks councils for the practical and pragmatic approach demonstrated in those discussions to date. Having obtained much relevant data and information already, the Commission will now work with individual councils on scheme implementation issues, including identifying any data or information gaps and verifying the data already obtained.

3 Background

This Chapter outlines the proposals and methodology set out in the Draft F&A, to provide context for the discussion of stakeholder submissions and the Commission's response to these in Chapter 4. In developing the proposed framework, the Commission had regard to a set of seven principles.⁸

3.1 Identifying risks, behaviours and establishing the baseline

The Draft F&A proposed that, in forming its advice, the Commission would assess the LTFP and IAMP, and any material changes proposed, with respect to cost control, affordability and sustainability risk. This is because any council will find it challenging to develop a robust long-term financial and service sustainability strategy if the costs associated with the services it delivers, given the infrastructure used to deliver them, do not reflect its ratepayers' financial capacity.

This notion of risk relates to a council's behaviour. The LTFP and IAMP forecast a council's intentions, which is its planned behaviour, while historical information provides evidence of actual behaviour. Further, historical behaviour directly influences the LTFP and IAMP because it affects their respective starting points. Given this, to advise on the *Relevant Matters* as required under the scheme, the Commission explained how it would establish and interpret a set of baseline information, which would allow it to understand the origins of a council's current LTFP and IAMP and any material changes it might propose to those.

3.2 Existing financial indicators

The draft proposals and methodology built upon existing practices and information. It was noted that the LGA considers that performance, relative to the definition of financial sustainability, is encapsulated in the operating surplus, net financial liabilities, and asset renewal funding ratios, as specified in the *Local Government (Financial Management) Regulations 2011* (see Appendix 1 for a summary description of each ratio). These financial indicators were proposed to be used as the starting point in understanding a council's performance.

3.3 The Model Financial Statements

These financial indicators are specific to the local government sector. Adoption of the Model Financial Statements since 2007-08 results in the financial statements of South Australian councils being prepared in a consistent manner, from both a definitional and detail perspective, allowing tracking of the calculation of the financial indicators through the three principal financial statements (the statements of comprehensive income, financial position, and cash flows). This applies to both historical information and to each council's forward-looking LTFP,⁹ allowing linkage of a council's forward-looking projections to its historical performance and position.

⁸ Those principles are set out in the Executive Summary and Chapter 5. There were slight amendments to Principles 2 and 5 based on submissions. For Principle 2, the amendments separated out the consideration of existing and new assets. For Principle 5, the amendments clarify that the LGA does not collect data but provides guidance materials.

⁹ The Commission notes that the regulation 5(1) of the *Local Government (Financial Management) Regulations 2011* specifies that the LTFP must include a summary of proposed operating and capital investment activities (regulation 5(1)(b)) and estimates and target ranges for all three key financial indicators (regulation 5(1)(c)). To prepare these forecasts, information must be drawn from all three principal financial statements - the statement of comprehensive income, statement of financial position, and statement of cash flows.

3.4 The overarching analytical framework

The existing financial indicators and the Model Financial Statements were proposed as the basis for an overarching analytical framework for the first cycle of the scheme. The Commission noted that the three financial indicators encapsulate each council's approach to its LTFP and IAMP – and hence to financial and service sustainability, cost control and affordability.

Measurement of the financial indicators is consistent on both a forward- and backward-looking basis, given their connection with the Model Financial Statements. It captures a council's actual practical business operations historically and its expected future business operations on the same basis. This provides a picture of how a council seeks to manage its ongoing financial and service sustainability, in the context of its past decisions and the role that general rates, affordability and cost control will play.

The Commission noted that, if future business operations are underpinned by robust, transparent LTFPs and IAMPs that are:

- ▶ consistent with each other
- ▶ that focus on financial sustainability, cost control and affordability, and
- ▶ implemented and appropriately monitored,

then a council will likely exhibit strong future performance with respect to all three financial indicators. The further a council might deviate from those practices, the less likely those outcomes, and the greater the risk to long-term financial and service sustainability, and for ratepayers.

3.5 Implementing the overarching analytical framework

The overarching analytical framework is conceptual. In practice, the Commission proposed bringing together a set of relevant information and an analytical process applied consistently across councils, assisting it to consider the following questions in the context of the statutory provisions of the scheme:

- ▶ Are a council's LTFP and IAMP robust, consistent with each other and successfully implemented, with actual performance relative to plans monitored?
- ▶ Does the LTFP and IAMP, and the implementation of those plans, ensure the sustainability of the council's long-term financial performance and position?
- ▶ What are the implications of the above for a council's long-term financial sustainability and service risk profile, and the consequent appropriateness of the path projected for general rates?

3.5.1 Information used in applying the analytical framework

The Commission proposed to use the following information in applying the analytical framework.

Existing information relates to that already in a council's possession, that the Commission reasonably requires under section 122(1j) of the LG Act, or information available from other sources. **Revised** information relates to information provided under section 122(1e) of the LG Act where a council has made or proposes to make material revisions to its LTFP and IAMP, or other information that the Commission reasonably requires under section 122(1j) of the LG Act.

Table 2: Information requirements for the Draft F&A

Existing information	Revised information
<p><u>From councils</u></p> <p><u>Quantitative</u></p> <ul style="list-style-type: none"> ▶ Annual Model Financial Statements from 2007-08 ▶ Annual FTEs from 2007-08 ▶ Annual rateable properties from 2007-08 <p><i>For the year prior to the Relevant Financial Year (or most current)</i></p> <ul style="list-style-type: none"> ▶ LTFP and IAMP empirical information <p><u>Qualitative</u></p> <p><i>For the year prior to the Relevant Financial Year (or most current)</i></p> <ul style="list-style-type: none"> ▶ LTFP documentation/explanation ▶ IAMP documentation/explanation ▶ CEO financial sustainability report ▶ Audit committee reports on the LTFP and IAMP ▶ How a council measures performance to plans ▶ How a council accounts for affordability ▶ A council's consultation process for its LTFP <p><u>Other sources</u></p> <ul style="list-style-type: none"> ▶ LGFA information on a council's ability to use debt ▶ Historic and forecast CPI ▶ The SEIFA index of economic resources 	<p><u>From councils</u></p> <p><u>Quantitative</u></p> <ul style="list-style-type: none"> ▶ Revised LTFP and IAMP empirical information ▶ Revised FTEs ▶ Revised annual rateable properties <p><u>Qualitative</u></p> <ul style="list-style-type: none"> ▶ Revised LTFP documentation/explanation ▶ Revised IAMP documentation/explanation ▶ Council's explanation for material variations ▶ Any other material a council considers relevant

An Information Provision Guideline, which followed the structure of the Model Financial Statements, including a proforma to structure empirical information provision, was provided.¹⁰ The Commission proposed the provision by a council to it of **existing** information by end-August of its Relevant Financial Year, with the **revised** information required by end-September of the Relevant Financial Year.

3.5.2 Questions for the Commission to ask itself in applying the analytical framework

The Commission set out, for information and transparency, 29 key questions that it intended to ask itself in preparing advice. These related to the operating surplus, net financial liabilities, and asset renewal funding ratios, to help the Commission understand any risks or behavioural patterns that might be of use in forming advice to councils, in the context of the statutory terms of the scheme.

¹⁰ The Guideline covered (and will cover) the requirements under section 122(1e), dealing with the manner and form in which the *Relevant Matters* are to be provided by councils, and section 122(1j), dealing with other relevant information that the Commission requires for the performance of its scheme functions.

Table 3: Objectives of the key questions

Financial ratio	Objective
Operating surplus ratio	To understand what is driving a council's operating surplus ratio and the extent to which this indicates potential concerns regarding affordability and cost control risk.
Net financial liabilities ratio	To understand what is driving a council's net financial liabilities ratio and the extent to which this indicates potential concerns regarding financial and service sustainability risk.
Asset renewal funding ratio	To understand what is driving a council's asset renewal funding ratio. This relates to assessing the consistency of the LTFP and IAMP, and the extent to which these appropriately reflect actual asset condition. This has implications for financial and service sustainability, as well as affordability and cost control risk.

3.5.3 The analytical process

The analytical process explained how the Commission would address the 29 key questions, using graphs and accompanying commentary, based upon the existing information.

This approach is, in the Commission's experience, more accessible to stakeholders. It makes clear any trends in a council's actual and expected behavioural patterns, based upon the council's own information and evidence, providing a pictorial baseline representation. This then informs the consideration of the appropriateness of any material changes to a council's LTFP and IAMP, as envisaged under the LG Act.

A worked example of the Commission's internal analytical process and how it links back to the key questions and financial indicators was provided. It included graphs that scale/normalise aggregate information by the number of rateable properties to provide average per rateable property figures. It also included graphs comparing actual and forecast information relative to the rate of change in the Consumer Price Index (CPI).

3.6 Provision of advice

The Commission noted that, for the first cycle, its advice will set out trend information (the baseline), to give context to councils' forward-looking plans, and identify areas that may benefit from further consideration by a council, focussing on:

- ▶ the appropriateness of a council's LTFP and IAMP, any material amendments to it, and the proposed path for general rates and other revenue sources
- ▶ the long-term financial and service sustainability, cost control and affordability risk considered to exist, based on implementing the analytical framework,¹¹ and
- ▶ any other factors the Commission might consider relevant.

¹¹ The quantitative long-term trend analysis enables the advice to provide an overarching picture of any potential cost control, affordability, and sustainability risk, based upon actual performance and forecast performance. Further, the advice can use available qualitative information regarding a council's SMP, its current CEO sustainability assessment and its approach to setting rates to identify how any risks identified in the quantitative assessment are managed/mitigated, creating opportunity for councils to consider those matters as needed.

This approach will identify the extent to which there are potential issues with the council's approach to managing cost control, affordability, and sustainability risk. This, in turn, allows the advice to reference the extent to which a council's price path for general rates might be appropriate in that council's overall context.

The Commission also noted that the advice may provide its view on the potential actions a council might take to mitigate/manage any identified risk. At the same time, the Commission observed that the advice cannot require councils to take specific action, nor would the advice approve (or otherwise) specific expenditure, programs, or projects: those being matters for councils' own decision-making processes.

3.6.1 Process

The Commission proposed publishing all advice in full, as anticipated by the LG Act.¹² It also noted that a council provides services subject to limited or no competition to ratepayers in its region. Ratepayers directly contribute to the financing of those services, generally with no other choice of supplier. Their financial contributions are based directly upon the plans developed and implemented by the council.

In those circumstances, the Commission out the view that publication of the advice in full would be in the public interest and not constitute commercially sensitive information. The Commission also noted that, under section 122(1h), a council may, if it chooses to, respond to the advice, with that response also published.

3.7 Scheme costs

Indicative cost estimates for the first four-year cycle of the scheme were provided. The indicative total cost per council over the first four-year cycle was \$52,133.

The Commission noted that delivering the proposed analytical framework and the scheme in the manner envisaged in the legislative reforms requires skilled resources. This assures ratepayers, councils and the South Australian Government that the advice provided is based upon an appropriate level of expertise.

It was noted that the costs were indicative, as the cost involved in implementing the scheme will become clearer after the completion of the first cycle of the scheme.

3.7.1 Allocating costs and billing

Two options were proposed for the billing and allocating of cost across councils.

- ▶ **Option 1:** The Commission bills each council directly its share of the costs at the end of the first quarter of the financial year, with one month within which to pay the outstanding bill. Costs are split equally across the 68 councils, given there is no evidence to indicate that it will not take the same amount of effort per council to implement the scheme, regardless of a council's size.
- ▶ **Option 2:** The Commission bills the LGA its yearly total cost, the LGA pays this on behalf of councils, with the LGA splitting the cost between councils on a basis agreed between the LGA and the councils.

¹² Refer sections 122(1h) and 122(1i).

4 Discussion of submission themes

Common themes in submissions were that the Commission's proposed methodological approach went beyond the scope of that envisaged by the LG Act, would be onerous on councils in terms of information provision and resources, would not add any value to existing requirements and processes and would increase the per council costs of the scheme to a level beyond that expected by those who made submissions.

These matters are discussed below on a thematic basis, along with the Commission's response.

The Commission has given consideration to and acknowledges all arguments and submissions made through the consultation process. While it has not adopted all positions put, all submissions have assisted the Commission to consider each of the relevant issues under consideration and to understand the competing viewpoints held.

4.1 Summary of Commission's final position

After consideration of the responses to the consultation, the F&A in its final form broadly aligns with the Draft F&A, with the main changes being:

- ▶ The evidence base to be used in the preparation of advice for each council will be developed by the Commission accessing readily available material on the public record, such as via websites, rather than by requiring councils to submit that information (albeit it may ask individual councils for historical information where there are 'gaps' in the public record).
- ▶ The Commission will utilise historical information from 2011-12, rather than 2006-07 as proposed in the Draft F&A, in that evidence base.
- ▶ The Commission will distribute the annual costs of the scheme amongst councils based on the LGA Membership Fee split, rather than equally distributed across councils, with the Commission annually billing each council separately.

4.2 The scope of the legal framework

Submissions provided views on the legal framework, its evolution and how the Commission should interpret the legislation.

In summary, the Commission's understanding of the central argument put forward is that the Commission can only consider a council's LTFP and IAMP, as they stand and any material variations thereof, when formulating its advice on the *Relevant Matters*. This implies the Commission is constrained to only using the LTFP, IAMP and any identified material variations provided by the council as its information sources, and that the advice can only relate to the *Relevant Matters*.

4.2.1 Consideration

The Commission considers that the legislative framework, as enacted by Parliament on 22 June 2021, is the source of the Commission's powers and functions for undertaking its advisory function. The interpretation put forward in submissions does not account for the following aspects of the legislative scheme:

- ▶ In addition to its primary purpose of providing advice to a council on the appropriateness of the *Relevant Matters* in the context of the council's LTFP and IAMP, the Commission also has a discretion to provide advice on any other aspect of the LTFP and IAMP, if it considers doing so to be appropriate having regard to the circumstances of the council (section 122(1f)).

- ▶ In providing advice, the Commission must have regard to the objective of councils maintaining and implementing LTFPs and IAMPs (section 122(1g(a)). It must also have regard to the appropriateness of the financial contributions proposed to be made by ratepayers under the LTFP and IAMP and any amendments to those plans (section 122(1g(b))).
- ▶ A council must provide all relevant information on the *Relevant Matters* on or before 30 September in the year in which it is to go through the scheme and must do so in accordance with any guidelines determined by the Commission (section 122(1e)).
- ▶ Further, having regard to its statutory functions and the circumstances of the relevant council, the Commission may by written notice require a council to submit to it any information in the council's possession that the Commission reasonably considers relevant to the performance of its scheme function, regardless of whether it falls within the ambit of the *Relevant Matters* (section 122(1j)).

The above aspects are important in identifying the actual scope of the Commission's legislative functions, the advice it must (and may) provide and the information upon which that advice can be based. This is broader than the interpretation suggested in submissions. When providing its advice, the Commission will have regard to the importance/value of specific information and its overall relevance and will be mindful of the potential impost on Councils in providing that information.

4.3 Disproportionate focus on rates

Submissions put the view that the Draft F&A had a disproportionate focus on rates, at the expense of other revenue sources.

4.3.1 Consideration

The Commission considers that the methodology places appropriate weight on general rates in the context of the LTFP and IAMP. The legal framework requires the Commission, in providing advice, to have regard to the appropriateness of the financial contributions proposed to be required of ratepayers (which comprises rates and specific service charges).¹³

Under section 122(1g) of the LG Act:

- (1g) *In providing advice under this section, the designated authority –*
- (a) *must have regard to the following objectives:*
- (i) *the objective of councils maintaining and implementing long-term financial plans and infrastructure and asset management plans;*
 - (ii) *the objective of ensuring that the financial contributions proposed to be made by ratepayers under the council's long-term financial plan and infrastructure and asset management plan are appropriate and any material amendments made or proposed to be made to these plans by the council are appropriate; and*
- (emphasis added)

Bearing that in mind, and to give context to the submissions, it is noted that the Draft F&A set out 29 questions the Commission proposed to use to assess an LTFP and IAMP; of those, five directly relate to operating income sources.¹⁴

¹³ The Commission notes a council can use a range of charging structures. The Commission's advice relates to all financial contributions made by ratepayers, not just rates.

¹⁴ Refer Chapter 5, section 5.3

The presentation of the analytical framework in the Draft F&A included 25 graphs proposed to be used by the Commission to assist *it* in identifying any long-term trends and behavioural patterns in the drivers of the operating surplus, net financial liabilities and asset renewal funding ratios, and a council's asset stock and borrowings.¹⁵ Of those, only two specifically considered rates: one to identify long-term trends in the proportion of rates with respect to total operating income and one relating to long-term trends in average rates per rateable property.

The Commission's focus is on seeking to understand the role that rates have played and are expected to play in councils' plans, which is consistent with the statutory terms of the scheme.

4.4 The use of historical information

Submissions expressed various concerns with the proposed use by the Commission of historical information, such as:

- ▶ The information required is beyond the scope of the legislative requirements.
- ▶ Requiring that historical information be provided before end-September is beyond the scope of the legislation (councils have until end-September to provide the relevant information).
- ▶ Model Financial Statements dating back to 2007-08 are of limited relevance and completing the Excel proforma represents a significant cost to councils and the recreation of information. This contradicts Principle 5 (as set out in the Draft F&A). Further, councils are only required to keep information for seven years.
- ▶ If historical data is to be used it should only go back for a shorter period, somewhere between one and ten years, with many submissions suggesting four, on that basis that this is more reflective of existing practices, with the information being of better quality.
- ▶ Providing information from 2007-08 in relation to CEO financial sustainability and audit committee reports, and the council's approach to consulting with its constituents, is not relevant.

4.4.1 Consideration

The Commission will use Model Financial Statements dating back to 2011-12 rather than 2007-08, noting that timing is broadly consistent with the commencement of the three financial indicators specified in the *Local Government (Financial Management) Regulations 2011*. In doing so it will explore the data to understand any anomalies, statistical departures, and the reasons for them. This establishes an historical baseline from which to observe any behavioural patterns in a council's historical approach to managing and maintaining services delivered using long-lived assets, when assessing and advising on LTFPs, IAMPs and any material variations proposed.¹⁶

Since the release of the Draft F&A and the commencement of the relevant section of the LG Act, the Commission has commenced collecting historical information, primarily relating to historical Model Financial Statements, from councils' websites and other public sources, reducing the burden on councils.

As a result, in relation to historical data, the Commission will limit requests to specific councils to address any information 'gaps' in the record from 2011-12 onwards, that the Commission considers relevant when undertaking its function under the LG Act. The Commission will work with councils to verify the information it has collected.

¹⁵ Refer Appendix 2 for details of the graphs.

¹⁶ Refer section 4.7 below for a detailed discussion on the issue in the context addressing submissions on the asset renewal funding ratio.

This is consistent with the approach adopted by the Commission for councils over the past year in relation to historical operational and performance data for their water and wastewater regulatory activities. That process, which covered much more detailed information sets (financial, operational, usage, and pricing information) than those under consideration in this scheme, provided greater visibility of long-term trends to council staff.

Once the historical information is collected, collated, and verified that task is not required again – the Commission will simply update the relevant information each year as that information becomes available.

The Commission's responses to specific issues raised regarding the provision and use of historical data are set out in the table below.

Table 4: Historical information

Issue	Commission consideration
<p>Requiring historical information be provided before end-September is beyond the scope of the legislation.</p> <p>Councils have until end-September to provide the relevant information.</p>	<p>The end-September date relates to when councils are required under section 122(1e) of the LG Act to provide to the Commission information on <i>Relevant Matters</i>, noting that a council can provide this information earlier. The Commission has no discretion to vary this timing.</p> <p>In accordance with section 122(1j), the Commission considers that historical information is required for the performance of its functions under the scheme. This information should be able to be provided earlier by councils (given it is historical in nature) albeit it may be stored or archived.</p> <p>Given the Commission's revised approach to obtaining historical information, the level of effort for councils in providing the information is reduced.</p>
<p>Completing the Excel proforma represents a significant cost to councils.</p> <p>Councils are only required to keep information for seven years.</p>	<p>The Commission now intends to complete this work using its own resources.</p> <p>The Commission will collate this information and liaise with each council to see if any missing information can be obtained (or if there are reasons why it is not available). As noted above, this process has already started.</p> <p>Each Council will be provided with the complete set of its historical information and an opportunity to check and verify it, if it so wishes.</p>
<p>Information from the Model Financial Statements from 2007-08 is of limited relevance. More recent information reflects existing practices, with the information being of better quality.</p>	<p>The Commission will use information from 2011-12 because:</p> <ul style="list-style-type: none"> ▶ That timeframe is broadly consistent with the commencement of the three financial indicators specified in the <i>Local Government (Financial Management) Regulations 2011</i>. ▶ Time series information provides insights into behaviours and practices. This is particularly relevant in the context of operating, maintaining, and renewing long-lived asset stocks, which councils do. ▶ The Commission will take the quality of information into account, noting that all Model Financial Statements have been formally audited and signed-off.

Issue	Commission consideration
CEO financial sustainability and audit committee reports from 2007-08 are not relevant.	For clarification: the Draft F&A proposed to use the <i>current</i> CEO financial sustainability and audit committee reports to inform the Commission's understanding of the extent to which the objective of councils maintaining and implementing LTFPs and IAMPs is or will be met (LG Act, section 122(1g)(a)(i)). No historical information on those matters is required. This will be clarified further in any revised information provision guidelines.
Historical information from 2007-08 regarding the council's approach to consulting with its constituents, is not relevant.	For clarification: the Draft F&A proposed using the most current information to inform the Commission's understanding of the extent to which the objective of ensuring that ratepayers' financial contributions are reasonable is or will be met (LG Act, section 122(1g)(a)(ii)). No historical information on those matters is required. This will be clarified further in any revised information provision guidelines.

4.5 Forward-looking information

Submissions put the view that forward-looking information should reflect the information contained in the Uniform Presentation of Finances and the ratios, not that contained within the Model Financial Statements and the ratios.

The LGA, the LGFMG and most councils submitted that the Commission can meet the intent of the scheme through councils' compliance with regulation 5(1) of the *Local Government (Financial Management) Regulations 2011*.¹⁷

4.5.1 Consideration

The Commission has carefully considered the submissions made and, for the reasons set out below, has decided to largely maintain the approach to the LTFP as set out in the Draft F&A. That is, councils should provide the forward-looking information in a manner consistent with the Model Financial Statements and include forecasts of the number of rateable properties and council FTE. The relevant information relates to information provided under section 122(1e) of the LG Act where a council has made or proposes to make material revisions to its LTFP and IAMP, or other information that the Commission reasonably requires under section 122(1j) of the LG Act for the performance of its functions.

The Commission has accepted that the information relating to the Note 2 breakdown of income, which breaks income down to a lower level of detail than that included in the Statement of Comprehensive Income in the Model Financial Statements, can be removed.

For subsequent cycles of the scheme, forward-looking information requirements will be assessed to identify if they can be changed; however, it remains relevant and appropriate to establish a robust baseline of evidence and information at scheme commencement.

In terms of the submissions urging reliance on the Uniform Presentation of Finances (Note 16 of the Model Financial Statements), the Commission observes that this would result in it assessing information on the following basis.

¹⁷ Refer section 2.2 above.

Table 5: Uniform Presentation of Finances

Category	
	<u>Operating surplus/(deficit)</u>
a	Income
b	Expenses
c	Operating surplus/(deficit) ($c = a - b$)
	<u>Net outlays on existing assets</u>
d	Capital expenditure on renewal and replacement of existing assets
e	Depreciation, amortisation, and impairment
f	Proceeds from sale of replaced assets
g	Net outlays on existing assets ($g = d - e - f$)
	<u>Net outlays on new and upgraded assets</u>
h	Capital expenditure on new and upgraded assets
i	Amounts received specifically for new and upgraded assets
j	Proceeds from the sale of surplus assets
k	Net outlays on new and upgraded assets ($k = h - i - j$)
l	Net lending/borrowing for the financial year ($l = c + g + k$)

This is a simplified form of a cash flow statement, providing a high-level summary only of a council's finances. Were the Commission to adopt it, it is of the view that the following difficulties would arise:

- The Statement of Comprehensive Income in Model Financial Statements splits income into the following sources: Rates; Statutory Charges; User Charges; Grants, Subsidies and Contributions; Investment Income, Reimbursements; Other Income; Net Gain-Equity Accounted Council Businesses.

Under the Uniform Presentation of Finances, that split would not be known. As such, there would not be sight of the split between general rates and other revenue sources over the terms of an LTFP (which presents difficulties in terms of the statutory objective of ensuring that ratepayers' financial contributions are reasonable (LG Act, section 122(1g)(a)(ii))).

This, in combination with no information on how the number of rateable properties will change over the LTFP, means the Commission would not be in a position to understand how average general rates per rateable property was expected to evolve.

- The Statement of Comprehensive Income in the Model Financial Statements splits expenses into the following cost categories: Employee Costs; Materials, Contracts and Other Expenses; Depreciation, Amortisation and Impairment; Finance Costs; Net Loss-Equity Accounted Council Businesses.

Again, under the Uniform Presentation of Finances, that split between the expense categories would not be known, excepting depreciation. As such, there would be no visibility of what is driving any changes in the cost base. Further, it would not be possible to identify how expenses per rateable property was expected to evolve, either in aggregate or by cost category.

- The projected value of the asset stock is not known, nor is the forecast of number of rateable properties. So, it would also not be possible to identify growth in the asset stock value per rateable property that ratepayers will be required to replace/renew over the 10-year horizon of the LTFP and beyond.
- There is no information regarding the role of borrowing in financing the LTFP, nor the extent to which the council will, or will not, hold cash and cash equivalents. This may, however, be partially resolved if the components of the net financial liabilities ratio¹⁸ and borrowings are forecast and accessible.

Overall, the Commission is of the view that, were the approach urged by submissions to be adopted, it would not have access to relevant information which it considers appropriate to rely upon in preparing suitably evidenced-based advice for the purposes of the scheme. The Uniform Presentation of Finances is too narrow to provide a comprehensive picture of any potential sustainability, cost control and affordability risks.¹⁹

When undertaking this analysis, and relevant to the statutory objective of ensuring that ratepayers' financial contributions are reasonable (LG Act, section 122(1g)(a)(ii)), the Commission noted that *not all* councils identify the implications of the LTFP for general rates per rateable property. The work also suggested that the level of detail provided in LTFPs across councils varies, with ratepayers of different councils having access to differing degrees of information.

The Commission notes that it may well be considered a backwards step if, for the purposes of the scheme, a lesser standard of information provision than that currently attained by some councils be used. Instead, it would be more beneficial to work with those councils whose LTFPs are not based upon the required level of detail for the purposes of the scheme. This will assist ratepayers throughout South Australia having access (over time) to the same level of information (a matter which the Commission considers relevant under section 122(1g)(b) of the LG Act), subject to its relevance for a particular council.

In terms of the target ranges of key financial indicators, while regulation 5(1)(c) of the *Local Government (Financial Management) Regulations 2011* allows councils to set their own target ranges, the Commission has adopted the LGA target ranges as a basis for its analysis. These were established/agreed during the development of the LGA Financial Sustainability Papers (2006-2011). At the same time, the Commission notes that the targets for individual councils may differ for good reason and, when preparing advice for a council, will have regard to any information submitted by a council in that regard.

Finally, the Commission again notes that, for subsequent cycles of the scheme, forward-looking information requirements can be reassessed to identify if they can be changed.

¹⁸ The net financial liabilities ratio is defined as follows: *Net Financial Liabilities* divided by *Total Operating Income*. Where *Net Financial Liabilities* is *Total Liabilities* less *Current Assets (Cash and Cash Equivalents)* less *Current Assets (Trade and Other Receivables)* less *Current Assets (Other Financial Assets)* less *Non-Current Assets (Financial Assets, excluding equity accounted investments in council businesses)*.

¹⁹ The Commission notes the LGA provided an alternative approach to implementing the scheme based upon adopting the Uniform Presentation of Finances (with a more detailed income breakdown) and the three ratios. For the reasons outlined in Section 4.5.1 of this document, the Commission considers this proposal too narrow.

4.6 Removal of council's discretion, indexation, and scaling

The Draft F&A proposed use of the number of rateable properties to provide averages per rateable property for general rates revenue, expenses and the value of the asset stock. It also proposed use of the CPI for real and nominal dollar terms comparisons on a per rateable property basis, in a way that seeks to be accessible and meaningful to stakeholders external to a council, such as ratepayers. While the Commission considered the Local Government Price Index (LGPI), it noted that index was less meaningful for ratepayers.

Submissions put the following views:

- ▶ That the use of CPI in the Draft F&A would have the effect of removing council discretion. That is, it has been interpreted that this would require a council to use CPI for its LTFP assumptions. It was submitted that this is inappropriate, as councils might use the LGPI, a Wage Price Index, CPI, or some other assumptions in an LTFP.
- ▶ Objection to the use of the phrase 'CPI-constrained' in various graphs within the Draft F&A, again taking this to suggest that the Draft F&A was imposing the use of CPI. This was considered, by some, to effectively be rate-capping, as councils would have to justify proposed increases above CPI.
- ▶ That the notion of average rates per rateable property would be confusing to ratepayers. This is because it would not directly correlate to the specific rates charged, as these are based on property valuations and type. As a result, they put the view that excluding this from analysis should be considered.
- ▶ That the Adelaide CPI be adopted rather than the Australian CPI.

4.6.1 Consideration

It is critical to note, as explained at the outset, that the Commission's role under the scheme is not regulatory. It cannot define or require any assumptions to be used within a council's LTFP, nor does the Commission's advice endorse any assumptions that a council adopts in its LTFP. The Commission's view therefore is that the use of CPI for reference purposes does not erode council discretion. The approach proposed provides greater transparency for ratepayers and aligns with councils explaining why their plans are in the long-term interests of ratepayers.

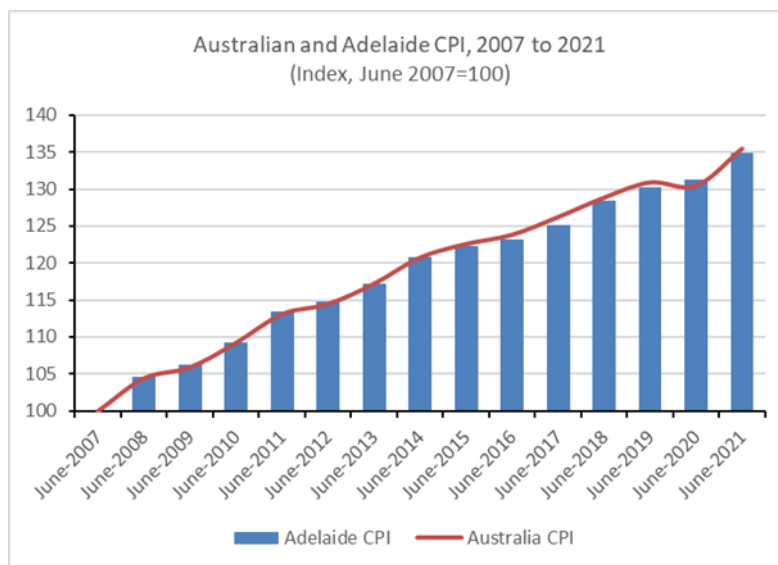
To the extent that there is concern over the use of the term 'CPI-constrained', the Commission will use a different term in the advice, reflecting the CPI path and noting that the CPI metric is of use to ratepayers in considering information.

In relation to the LGPI generally, the Commission will consider using that metric alongside the CPI metric in the advice, where relevant. In doing so the Commission acknowledges that the LGPI seeks to reflect the sector's rate of change in input costs, while noting further investigation would be necessary to assess whether it reflects prudent and efficient costs. Putting both indices on certain charts and graphs within advice may provide a more comprehensive and balanced picture from a council's perspective, while also providing ratepayers with an indication of the extent to which changes in South Australian local government sector costs deviate from CPI, which remains the measure most relevant to their circumstances. This may encourage more transparent and focused discussion on the trade-off between cost control and affordability, in the context of a council's LTFP and IAMP.

In relation to the submissions suggesting the use of average rates per rateable property may be confusing to ratepayers, the Commission agrees that any commentary in the advice should highlight that an average does not reflect any specific ratepayer's actual or forecast charges. In the Commission's experience, the use of averages is well-understood within the community (in relation to costs such as energy and water).

Finally, the Commission intends to use the Australian CPI from a historical and forecast perspective, noting that historically the difference between it and the Adelaide CPI is immaterial and there is no reason suggesting this will change. Also, the Commission considers that Australian CPI is based upon a broader database, undergoes greater scrutiny and there is more forecasting available.

Figure 1: Historical Australian and Adelaide CPI²⁰



4.7 Asset renewal funding ratio

The Draft F&A adopted two definitions of the asset renewal funding ratio:²¹

- **Depreciation based definition:** The asset renewal funding ratio is net asset renewal expenditure divided by depreciation.

Councils used this definition until 2012, at which time they replaced it with the following:

- **IAMP based definition:** The asset renewal funding ratio is asset renewal expenditure divided by IAMP renewal expenditure.

The Draft F&A proposed utilising both ratios on an annual and cumulative basis.

Submissions put the view that it is not appropriate to use the definition based upon depreciation. This is because councils have moved away from using it and annual depreciation charges need not align with annual renewal/replacement capital expenditure and, cumulatively, they need not align over the LTFP.

²⁰ Based on the ABS all groups CPI for Australia and Adelaide.

²¹ Prior to 2018 this was the asset sustainability ratio.

4.7.1 Consideration

The Commission agrees that annual renewal/replacement capital expenditure does not have to match the annual depreciation charge and that cumulatively they need not align over the LTFP, given the LTFP only covers a ten-year period. The purpose of considering the ratio in both forms over the long term is to obtain an understanding of a council's behavioural approach with respect to:

- ▶ the long-term trade-off between capital expenditure on the renewal/replacement of existing assets, capital expenditure on new/upgraded assets and depreciation, and its relationship with sustainability, cost control and affordability risk, and
- ▶ aligning the asset lives used in the Model Financial Statements with those used in the IAMP (refer to Box 1 below).

Looking at long-term trends from a historical and forward-looking perspective, develops a picture of a council's behavioural type, both actual and forecast. There are two hypothetical extremes.

- ▶ **Type 1:** A Council primarily focuses on new/upgrade capital expenditure, with depreciation charges used in the financing of this.
- ▶ **Type 2:** A Council primarily focuses on renewal/replacement capital expenditure, with depreciation charges used in the financing of this.

These provide a way of characterising whether a council's behaviour trends towards Type 1 or 2 based on the evidence available. The two approaches to measuring the asset renewal ratio are relevant to informing this.

Type 1 behaviour may provide more or improved services often via new facilities. It channels cash inflows associated with depreciation into financing new/upgrade capital expenditure along with a combination of grants, loan financing and reserves. Cash inflows associated with depreciation otherwise available to manage future renewal/replacement capital expenditure are diverted.

This results in the physical asset stock increasing, so the future replacement/renewal capital expenditure and depreciation charge is increasing. All else equal, to obtain an operating surplus ratio of zero (the breakeven point, given the definition of the ratio used) revenue will have to rise, causing rates and charges to increase, if no other income source is available. Also, for the reasons set out in Box 1 below, an amplification of this may occur if the depreciation charge collected reflects shorter asset lives than those used in the IAMP.

If this behaviour persists it can create a cycle of financing increasing costs through increasing rates and charges.²² Further, to limit increasing rates and charges, postponing renewal/replacement capital expenditure may occur. Overall, such a cycle may not be in the long-term interests of ratepayers or a council.

Type 2 behaviour focuses on renewal/replacement capital expenditure, rather than upgrades/new assets. This does not result in the same cycle as described for Type 1 behaviour. The existing asset stock does not increase to the same level, with existing service levels maintained. There is less pressure to increase rates and charges to cover rising costs.

²² South Australian councils do not face the same constraints on revenue generation as companies operating in competitive markets, or revenue/price-controlled companies.

Box 1: Depreciation and IAMP replacement/renewals costs

Considering the asset renewal funding ratio using both approaches is useful because:

- ▶ Using both depreciation and the IAMP replacement/renewal capital expenditure approaches for the asset renewal funding ratio, provides a way of considering the difference between the cumulative depreciation allowance collected and cumulative capital renewal/replacement expenditure.
- ▶ If this difference widens over the long-term time series constructed, this may suggest the underlying asset lives assumed for calculating depreciation and asset renewal are misaligned. That is, the asset lives used in compiling the detailed breakdown of the asset stock in the asset register do not match those in the IAMP. Why they should differ is not clear, so whether this is the case needs consideration.
- ▶ From an asset management perspective, the Commission considers that replacement/renewal capital expenditure in an IAMP should be based on an asset condition assessment (that reflects the size of the council and need not be complex). Asset life alignment means reflecting this in the asset register and the depreciation calculations. Then the asset lives within the asset register feed into the depreciation calculations and match those used in the IAMP. This links the IAMP to financial performance.
- ▶ If, for a given asset, the asset life in the asset register is half that used for the IAMP, depreciation will be twice as high, relative to using the asset life associated with the actual asset condition. Other things equal, to obtain an operating surplus ratio of zero, general rates and charges will be higher because they need to cover twice the depreciation than would otherwise be the case. If this persists over time, the gap between cumulative depreciation and cumulative renewal expenditure can widen.

What happens to this additional depreciation-related cash inflow relates to the Type 1 and 2 behaviours outlined and the relative risks associated with each.

So, relating this to the two measures of the asset renewal funding ratio:

- ▶ **Depreciation-based definition:** This provides an indication, through time, of the difference between depreciation and capital renewal/replacement expenditure. This difference can flow into the balance sheet as cash/cash equivalents held, or into the cash flow as capital expenditure patterns across renewal/replacement and upgrade/new capital; or absorbed into operating expenses in the statement of comprehensive income. This relates back to trends in Type 1 and 2 behaviour.
- ▶ **IAMP-based definition:** This compares actual or forecast renewal/replacement capital expenditure with that in the IAMP. Historically, this provides evidence regarding the extent to which a councils' past behaviour meets, or otherwise, its own assessment of the replacement/renewal needs of its asset stock. Going forward, this provides a baseline forecast for the level of IAMP renewal expenditure and forecast renewal/replacement capital expenditure. This allows comparison with actual outcomes. This starts to build up a picture of whether renewal/replacement capital expenditure differs relative to that planned, and the reasons why this might be. Again, this may relate back to Type 1 and 2 behaviour.

4.8 Advice and timing

The LG Act stipulates the following dates within the scheme:

- ▶ By end-September of the relevant financial year, councils are required to provide to the Commission all information regarding the *Relevant Matters* (section 122(1e)).
- ▶ By end-February of the relevant financial year, the Commission is required to publish its advice for each council (section 122(1i)(a)).

The Draft F&A proposed that the advice is published, in full, with councils provided with the advice relevant to them by end-February. Under the LG Act (section 122(1h)), councils must publish the advice and any response in their annual business plan (in both the draft and the adopted versions).

Some submissions objected to those timings and process. Some put the view that the end of September is too early in their processes to provide information on material changes to a LTFP. Some suggested they should have sight of a draft of the advice for comment on errors of fact, prior to it being published.

Some also suggested that only an Executive Summary of the advice be published in a council's annual business plan, with the entirety of the advice being accessed via a link on the council's website. This submission was made on the basis that it would reduce the size of a council's annual business plan while allowing stakeholders access to the advice.

4.8.1 Consideration

While the Commission notes the submissions made, the dates and requirements are specified under the LG Act and the Commission has no discretion. For example, the suggestion that only an Executive Summary be published by a council appears to the Commission to be inconsistent with both section 122(1h) and section 122(1i) of the LG Act.

The Commission supports actions by councils which simplify annual business plans for ratepayers and, in that light, will make its advice as easy to understand and use as possible. This will include the use of graphical information and clear and simple language and expression.

In relation to the suggestion that a draft be available to councils for comment, given that the scheme is new for all parties, the Commission intends to work collaboratively with individual councils across the five-month period between end-September and end-February. This will support quick resolution of simple queries and provide councils with opportunities to provide feedback and input throughout the advice preparation process.

This approach will also provide Commission and council staff the opportunity to establish or strengthen working relationships – including education in both directions on matters relevant to the scheme's operation. This may have the effect of increasing the efficiency of operations over time and hence a positive impact on the costs of the scheme.

Finally, in terms of the opportunity to respond to the advice, the Commission notes that this is already provided for under the LG Act (section 122(1h)), under which councils must publish any response to the advice in their annual business plan.

4.9 Using the first cycle as a pilot and developing baselines

Some submissions put the view that the first cycle (or first year) of the scheme should be treated as 'pilot' in nature. It was submitted that the Commission should develop baselines and identify issues surrounding a council's LTFP and IAMP that could be considered for the subsequent cycle.

4.9.1 Consideration

The Commission agrees that it is important to establish a baseline for understanding, reviewing, and advising on a council's LTFP and IAMP. In that sense, the first cycle of advice will set a baseline, with advice in subsequent cycles able to draw on that baseline. However, the Commission has a legal obligation to give advice which meets the scheme's requirements, including in the first cycle.

4.10 Commission costs and approach to billing

In the Draft F&A, the indicative cost per council of the Commission administering the scheme was \$52,133 across the first four-year cycle of the scheme.²³ This was based upon the total costs being allocated equally across 68 councils. Various issues were raised regarding this in submissions.

Some submissions did not consider it appropriate to transfer the costs of the scheme to ratepayers and that the Commission was not required to do this based upon the legislation. Other submissions considered it more appropriate that the State Government cover the costs of the function.

If the costs are to be passed on, submissions considered the cost per council excessive and driven by the fact that the Draft F&A over-scopes the Commission's role, thereby attracting greater costs than necessary on an ongoing basis. Submissions also considered that the development and set-up costs should not be passed on to councils, nor should the indirect costs. Only the direct costs associated with applying the scheme to a specific council could be passed on to that council. Submissions also stated that the cost should be in the region of \$20,000 per council (a figure it attributed to the former Minister for Local Government); most councils were of similar views.

Submissions from smaller councils also focused on the fact that the cost per council disproportionately impacted them, relative to larger councils with more ratepayers. Meanwhile, submissions from some larger councils were more supportive of an equal split of the costs across councils. Various councils suggested costs might be split more equitably using a per rateable property basis, or some measure of the size of the council.

In terms of billing, the preference was for the Commission to bill each council separately. Some submissions also considered that a council should only be invoiced after being provided with the advice and the invoice should detail the charges (this related back to the position that a council should only be charged the direct costs relating to developing that council's advice).

4.10.1 Consideration

The Commission's costs in performing its functions under the scheme fall into two categories, which are covered by the broad term 'costs' in section 122(1k):

- **Set-up and development costs:** These relate primarily to the upfront and ongoing work taking place in 2021-22 and 2022-23 to develop the analytical framework used and the systems and capability to support it.
- **Operational costs:** These relate primarily to the annual costs of implementing the scheme. These primarily comprise staff and Commissioners costs but also include an allocation of overheads and other operating expenses.

The various matters raised in submissions are addressed below.

Councils bearing the Commission's scheme costs

Under section 122(1k) of the LG Act, the Commission may recover from a council (as a debt due from the council) the costs reasonably incurred by the Commission in performing its scheme functions in

²³

Refer Chapter 3, Table 4.

relation to that council. In performing those functions, the Commission necessarily incurs costs, both direct and indirect (including scheme establishment costs).

While the decision to recover costs from a council is, under the LG Act, discretionary on the part of the Commission, absent any other funding source it will need to exercise that discretion. At this time, the Government has not indicated that it proposes to otherwise fund the Commission's scheme role and functions.

Whether a council chooses to pass its allocation of the Commission's costs on to ratepayers, either in part or all, is ultimately a decision for that council.

Quantum of costs

In terms of the quantum of costs, the Commission has reviewed the indicative cost estimates in the Draft F&A, based upon a greater understanding of the ongoing requirements of operating the scheme. Estimated indicative costs for each of the first four years of the scheme, is now as follows:

Table 6: Commission's indicative costs for the first cycle to the scheme

2021-22 prices	2022-23	2023-24	2024-25	2025-26
Draft F&A				
Set-up and development costs	\$157,667	\$157,667	\$157,667	
Operational costs	\$768,000	\$768,000	\$768,000	\$768,000
Draft total yearly costs	\$925,667	\$925,667	\$925,667	\$768,000
Draft total yearly cost per council	\$13,613	\$13,613	\$13,613	\$11,294
Draft total cost per council				\$52,133
F&A				
Set-up and development costs	\$157,667	\$157,667	\$157,667	
Operational costs	\$688,674	\$688,674	\$688,674	\$688,674
Total yearly costs	\$846,341	\$846,341	\$846,341	\$688,674
Total yearly cost per council	\$12,446	\$12,446	\$12,446	\$10,128
Total cost per council				\$47,466

Indicative cost estimates for set-up and development costs remain unchanged, while estimates of operational costs have reduced by approximately \$79,000 per year.

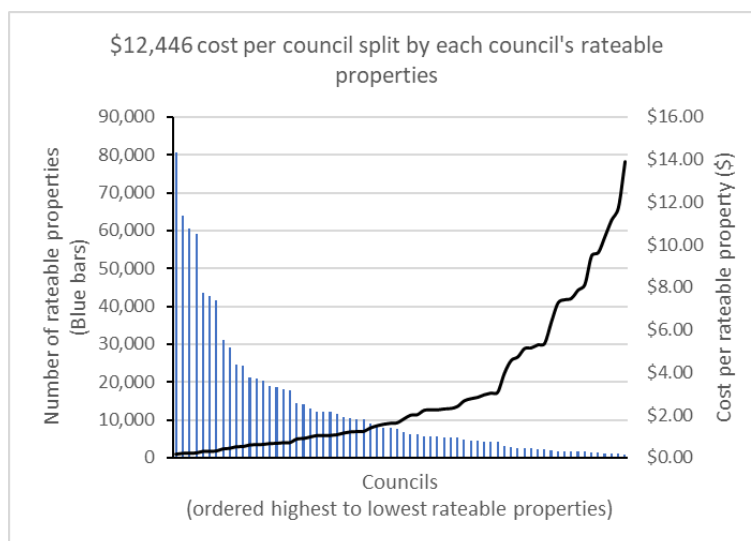
At this stage, the Commission can only proceed based on its best estimates of expected effort and cost. In particular, the degree of interaction with each council is unknown.

Cost distribution amongst councils

The Commission has considered the submissions addressing the proposed distribution of costs across councils as set out in the Draft F&A, which was on an equal basis, given that neither the Commission nor councils currently understand the regulatory effort which will be required for each council.

The Commission acknowledges that this approach results in smaller councils being disproportionately impacted, because of the scale effect resulting from the distribution of rateable properties across South Australia, as shown in the graph below.

Figure 2: Cost per rateable property based on the Draft F&A proposal²⁴



Given the focus on this matter in submissions, the Commission has further considered the cost distribution methodologies below.

Table 8: Cost distribution methodologies

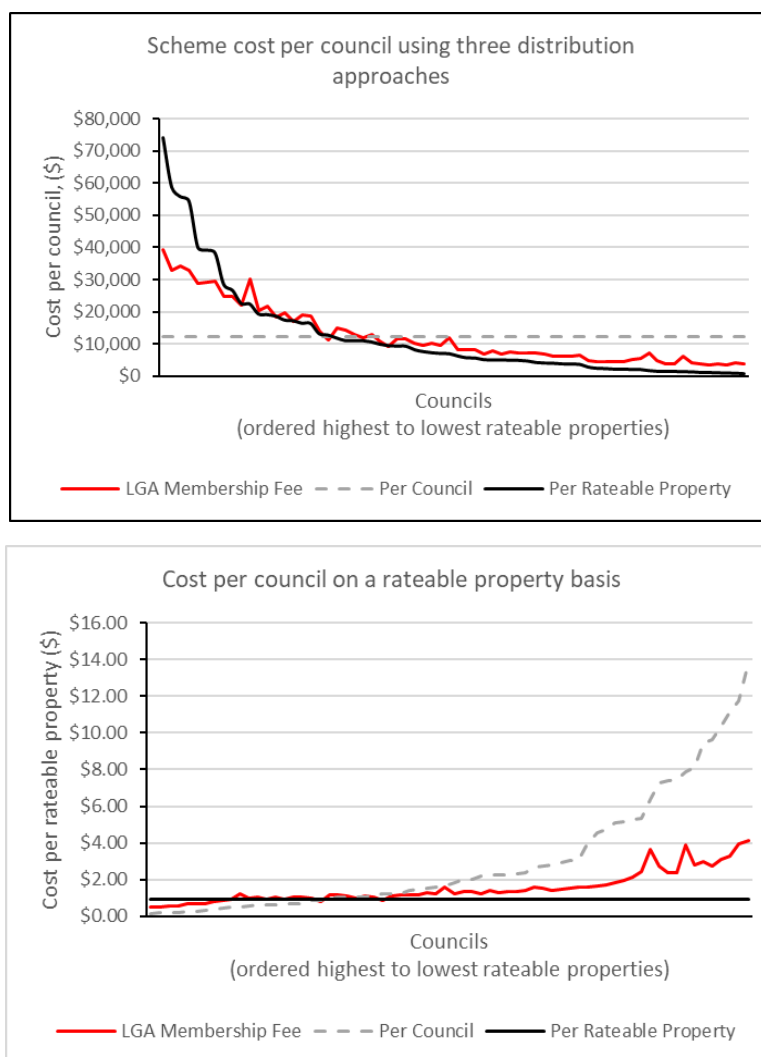
Option	Description
Option 1: Equal split of the costs	Each council would contribute an equal amount to recovering the cost of the scheme. This reflects the proposal in the Draft F&A.
Option 2: Split based upon number of rateable properties	Each council would contribute an amount to recovering the cost of the scheme in proportion to its number of rateable properties.
Option 3: Split based on LGA Membership Fee allocation ²⁵	Each council would contribute an amount to recovering the cost of the scheme in proportion to its share of the LGA Membership Fee. The LGA Membership Fee is split between councils based upon an agreed methodological approach that accounts for each council's population size and operating income.

The graphs below summarise the implications of each of these cost distribution options for each council, with councils in descending order based on their number of rateable properties.

²⁴ Rateable property information obtained from the LGGC database for 2019-20.

²⁵ Allocations obtained from the LGA Draft Annual Business Plan 2021-22, obtained from the LGA website.

Figure 3: Assessing alternative cost distribution methodologies



The first graph in Figure 3 shows that splitting the costs equally across councils gives a constant cost per council (the grey dotted line on the first graph in Figure 3). The second graph in Figure 3 identifies the scale effect of each cost distribution approach on a cost per rateable property basis. If costs are split equally across councils, smaller councils bear more cost on a rateable property basis than larger ones (the grey dotted line on the second graph in Figure 3).

In contrast, splitting costs based upon the number of rateable properties (Option 2) results in a constant per rateable property cost, with larger councils bearing a significantly higher overall cost, relative to splitting costs equally across councils.

Option 3, splitting the costs based upon each council's proportion of the LGA Membership Fee, provides a balanced option between these two extremes that is based upon an already agreed methodological approach between councils.

Given this, the Commission will adopt **Option 3**.

Billing

The Commission notes differing preferences were expressed through submissions. The Commission will adopt annual billing and will bill each council directly.

5 Framework and Approach

The Framework and Approach that the Commission will adopt for the preparation of advice under section 122 of the Local Government Act 1999 comprises the following elements.

5.1 Scheme overview

Under the scheme, a council must, on or before 30 September in the relevant financial year for the council, provide to the Commission all relevant information on the following matters (the *Relevant Matters*) in accordance with guidelines determined by the Commission (if any):

- ▶ material amendments made or proposed to be made to the council's long-term financial plan (LTFP) and infrastructure and asset management plan (IAMP) and the council's reasons for those amendments
- ▶ revenue sources outlined in the funding plan (being a component of the LTFP), and
- ▶ any other matter prescribed by the regulations.

Following the provision of information by a council, the Commission, on or before 28 February in the relevant financial year for the council:

- ▶ *must* provide advice to the council on the appropriateness of the *Relevant Matters* (as defined above) in the context of the council's long-term financial plan and infrastructure and asset management plan, and
- ▶ *may*, if the Commission considers it appropriate having regard to the circumstances of a particular council, provide advice in relation to any other aspect of the council's long-term financial plan and infrastructure and asset management plan.

In providing advice under this section, the Commission:

- ▶ *must* have regard to the following objectives:
 - the objective of councils maintaining and implementing long-term financial plans and infrastructure and asset management plans, and
 - the objective of ensuring that:
 - the financial contributions proposed to be made by ratepayers under the council's long-term financial plan and infrastructure and asset management plan are appropriate, and
 - any material amendments made or proposed to be made to these plans by the council are appropriate.
- ▶ *may* have regard to any information or matter the Commission considers relevant (whether or not such information or matter falls within the ambit of the matters defined as *Relevant Matters*).

A council must ensure that the advice provided by the Commission under the scheme, and any response of the council to that advice, is published in the council's annual business plan (both the draft and adopted annual business plan) in the relevant financial year and each subsequent financial year (until the next relevant financial year for that council).

The *Relevant Financial Year* is the year in which a council goes through the scheme. The first cycle of the scheme is four years long, with 17 councils going through the scheme annually, based on the current Schedule.

5.2 Principles

In undertaking its functions under the scheme, the Commission will comply with the statutory requirements and, in doing so, will have regard to the following principles:

Principle	Reason
Principle 1: Monitoring, not regulating	The scheme relates to monitoring, not economic regulation. As such, the design focuses on providing evidence-based and useful advice. The objective being, through time, to develop a record of a council's performance, relative to its long-term planning, and its response to advice, as the basis for changing behaviours and outcomes over time. The scheme does not provide the Commission with powers to enforce compliance measures, set service standards or regulate any council's rates. In those respects, it differs from other States' council rates regulation frameworks, such as those in Victoria and New South Wales.
Principle 2: Long-term planning focus	While councils can provide a diverse range of services, they are generally delivered through infrastructure and operations that require long-term planning. In relation to existing infrastructure assets, in the absence of significant shocks outside of a council's control, its long-term plans would not be expected to exhibit significant variation through time (replacement/renewal expenditure should not materially vary due to political cycles, or short-term transient operational or financial concerns). For new assets, it is important that these are planned for, implemented, and managed on that same long-term basis.
Principle 3: Materiality	Focus will be given to key overarching targets and measures. Otherwise, the underlying analysis may become unduly complex/disaggregated, with key observations diluted through unnecessary detail.
Principle 4: Simplicity	The scheme will be as simple as it practically can be and be capable of being applied across the diverse range of councils within South Australia.
Principle 5: Leveraging existing information and evidence	The Local Government Grants Commission (LGGC) collects data and the Local Government Association (LGA) provides guidance material regarding financial and service sustainability. As such, a significant amount of underlying information and a standard accounting framework exists - this will underpin the analytical framework. In accordance with the legislative framework, if demonstrable gaps in information become apparent that are of relevance to the operation of the scheme, it may be necessary to collect further information in relation to this.
Principle 6: Consistency of application	The scheme will be applied consistently across councils in terms of the underlying processes and analytical framework. Advice across councils will only be similar if all the inputs into the analytical framework (both quantitative and qualitative) result in similar advice being warranted.
Principle 7: Transparency	The implementation of the scheme requires transparency in processes and approach. Each council will be provided with the information and calculations upon which the advice relating to it has been based.

5.3 The Commission's analytic questions for itself

In preparing advice for the purposes of the scheme, the Commission will have regard to the following base set of questions, noting that further questions may arise as the scheme commences practical operation.

Area	Key questions
Operating Surplus Ratio	<p>To understand what is driving a council's operating surplus ratio and the extent to which this indicates potential concerns regarding affordability and cost control risk.</p> <p>Operating surplus ratio</p> <ul style="list-style-type: none"> ▶ <i>Question 1: How has the council's operating surplus ratio performed historically?</i> ▶ <i>Question 2: How is the council's operating surplus ratio projected to perform?</i> <p>Underlying variables: Total operating income and total operating expenses</p> <ul style="list-style-type: none"> ▶ <i>Question 3: What trends in total operating expenses and total operating income are contributing to this performance?</i> <p>Underlying variables: Total operating income</p> <ul style="list-style-type: none"> ▶ <i>Question 4: What are the trends in the sources of operating income?</i> ▶ <i>Question 5: What are the trends in operating income per rateable property?</i> ▶ <i>Question 6: How do the trends in operating income per property compare to CPI growth?</i> ▶ <i>Question 7: Is there any indication of affordability risk existing or emerging?</i> <p>Underlying variables: Total operating expenses</p> <ul style="list-style-type: none"> ▶ <i>Question 8: What are the trends across operating expenses categories?</i> ▶ <i>Question 9: What are the trends in operating expenses per rateable property?</i> ▶ <i>Question 10: How do the trends in operating expenses per property compare to CPI growth?</i> ▶ <i>Question 11: Is there any indication of cost control risk developing or emerging?</i>
Net financial liabilities ratio	<p>To understand what is driving a council's net financial liabilities ratio and the extent to which this indicates potential concerns regarding financial and service sustainability risk.</p> <p>Net financial liabilities ratio</p> <ul style="list-style-type: none"> ▶ <i>Question 12: How has the council's net financial liabilities ratio performed historically?</i> ▶ <i>Question 13: How is the council's net financial liabilities ratio projected to perform?</i> <p>Underlying variables: Net financial liabilities and total operating income</p> <ul style="list-style-type: none"> ▶ <i>Question 14: What trends in net financial liabilities and total operating income are contributing to this performance?</i>

Area	Key questions
	<p>Underlying variables: Net financial liabilities</p> <ul style="list-style-type: none"> ▶ <i>Question 15: What trends in total borrowings relative to total liabilities are contributing to this performance?</i> ▶ <i>Question 16: What trends in cash and cash equivalents are contributing to this performance?</i> ▶ <i>Question 17: Is there any indication of financial sustainability risk developing or emerging?</i> <p>The more detailed trends in total operating income are considered as part of the analysis of the operating surplus ratio.</p>
Asset renewal funding ratio	<p>To understand what is driving a council's asset renewal funding ratio. This relates to assessing the consistency of the LTFP and IAMP, and the extent to which these appropriately reflect actual asset condition. This has implications for financial and service sustainability, as well as affordability and cost control risk.</p> <p>Asset renewal funding ratio</p> <ul style="list-style-type: none"> ▶ <i>Question 18: How has the council's asset renewal funding ratio performed, and how is it projected to perform, based on the IAMP expenditure approach?</i> ▶ <i>Question 19: How has the council's asset renewal funding ratio performed, and how is it projected to perform, based on the depreciation approach?</i> ▶ <i>Question 20: To what extent do the two approaches result in an alignment of the asset renewal funding ratio calculated?</i> <p>Underlying variables: Asset renewal/replacement expenditure, IAMP renewal/replacement expenditure and depreciation</p> <ul style="list-style-type: none"> ▶ <i>Question 21: What trends in asset renewal/replacement expenditure and IAMP renewal/replacement expenditure are contributing to the performance of the asset renewal funding ratio, based on the IAMP expenditure approach?</i> ▶ <i>Question 22: What trends in asset renewal/replacement expenditure and depreciation are contributing to the performance of the asset renewal funding ratio, based on the depreciation approach?</i> ▶ <i>Question 23: How is any difference explained within the council's LTFP and IAMP?</i> <p>Underlying variables: Asset renewal/replacement expenditure</p> <ul style="list-style-type: none"> ▶ <i>Question 24: What are the trends contributing to the asset renewal expenditure?</i> ▶ <i>Question 25: What are the trends in renewal/replacement expenditure relative to new/enhancement expenditure?</i> <p>Underlying variables: IAMP renewal/replacement expenditure</p> <ul style="list-style-type: none"> ▶ <i>Question 26: To what extent does the IAMP renewal/replacement expenditure relate to an up-to-date assessment of actual asset condition?</i> <p>Underlying variables: Depreciation</p> <ul style="list-style-type: none"> ▶ <i>Question 27: What is contributing to the trend in depreciation?</i>

Area	Key questions
	<ul style="list-style-type: none"> ▶ Question 28: <i>Is IAMP renewal/replacement expenditure reasonable given the trend in depreciation and the response to Question 26?</i> ▶ Question 29: <i>Overall, based on the assessment of the asset renewal funding ratio, is there any indication of financial and service sustainability, cost control or affordability risk developing or emerging?</i>

5.4 Information requirements

The Commission has formed the view that, until otherwise advised, the initial information requirements which it considers reasonably necessary for the performance of its functions under the scheme are as follows.

5.4.1 Guidelines relating to submission by councils of information on *Relevant Matters* – section 122(1e)

For the purposes of section 122(1e), the Commission will issue a guideline explaining how the following matters must be provided by a council on or before 30 September in the year in which the council goes through the scheme:

- ▶ material amendments made or proposed to be made to the council's long-term financial plan and infrastructure and asset management plan and the council's reasons for those amendments
- ▶ revenue sources outlined in the funding plan (being a component of the LTFP), and
- ▶ any other matter prescribed by the regulations.

The guidelines will require the following explanations relating to those matters, to inform the Commission's understanding of them (where available):

- ▶ **Quantitative**
 - Revised LTFP and IAMP empirical information and explanation
- ▶ **Qualitative**
 - Revised LTFP documentation/explanation
 - Revised IAMP documentation/explanation
 - Council's explanation for material variations
 - Any other material a council considers relevant to assist the Commission to perform its statutory scheme functions

5.4.2 Other information reasonably required for the performance of the Commission's statutory scheme function – section 122(1j)

The Commission will require the following in terms of other information to support its statutory scheme functions:

- ▶ By no later than 15 August in the year in which a council is to go through the scheme, unless otherwise advised in writing by the Commission (eg, in cases where the Commission already has the relevant information in its possession) the council must provide to the Commission a copy of its current long-term financial plan, infrastructure and asset management plan, CEO financial sustainability report and audit committee report.
 - This will be used by the Commission to understand the nature, scope and form of a council's current plans, to assist it to understand the *Relevant Matters* (once submitted on or before 30 September) and therefore to prepare the advice.
 - The 15 August date is consistent with the timing by which a council must adopt new plans (if it proposes to do so).²⁶ If a new plan is not proposed for adoption, a council should still submit current plans unless those have otherwise been provided to the Commission.
- ▶ Where advised in writing by the Commission, a council may be required to provide other supporting or clarifying information at any time to assist it in the performance of its scheme functions. For example:
 - Where there are gaps in the public availability of historical information to be used by the Commission to form a baseline for the purposes of preparing advice, the Commission may seek that information directly from a council.
 - Where further qualitative and quantitative information is required in relation to assessing revised LTFPs and IAMPs, such as, but not limited to, information on the implications of the revisions across the line items of the Model Financial Statements, information on forecasts of the number of rateable properties and forecasts of FTEs.

5.4.3 Billing

The Commission will bill individual councils a proportion of the Commission's scheme costs based on the outcomes of the methodology adopted by the Local Government Association in respect of its membership fees. It will adopt annual billing and will bill each council directly.

²⁶ The Commission notes a council must adopt a new LTFP annually but can do so anytime in that period. Similarly, a council needs to update their IAMP once every 4 years.

Appendix 1: The financial indicators

The table provides details of the operating surplus, net financial liabilities and asset renewal funding ratio.

Overarching financial indicators specified by the LGA

Financial Indicator	Description
Operating surplus ratio	<p>Explanation:</p> <p>The operating surplus ratio relates to a council's financial performance.</p> <p>Definition:</p> <p>The <i>Operating Surplus (Deficit)</i> is defined as:</p> $\frac{\text{Total Operating Income}^{27}}{\text{Total Operating Expenses}^{28}}$ <p>The <i>Operating Surplus Ratio</i> is defined as:</p> $\frac{\text{Operating Surplus (Deficit)}}{\text{Total Operating Income}}$ <p>Application:</p> <p>Applied historically in the context of audited financial statements, and to forward-looking LTFPs.</p> <p>Target:²⁹</p> <p>The LGA considers that, on average, over time, an operating surplus ratio of between zero and ten percent is appropriate.</p> <p>Interpretation:</p> <p>A positive ratio indicates the percentage of operating income available to help fund proposed capital expenditure, or to reduce debt (if this represents an appropriate long-term strategy).</p>

²⁷ Total Operating Income comprises: Rates; Statutory Charges; User Charges; Grants, subsidies and contributions; Investment income; Reimbursements; Other income; Net gain – equity accounted Council businesses.

²⁸ Total Operating Expenses comprises: Employee costs; Materials, contracts & other expenses; Depreciation, amortisation & impairment; Finance costs; Net loss – equity accounted Council businesses. An Operating Surplus Ratio of zero would, therefore, cover all of these costs.

²⁹ While regulation 5(1)(c) of the *Local Government (Financial Management) Regulations 2011* allows councils to set their own target ranges for each of the key financial indicators, the Commission has adopted the LGA target ranges as a basis for its analysis. These were established/agreed during the development of the LGA Financial Sustainability Papers (2006-2011).

Financial Indicator	Description
Net financial liabilities ratio	<p>Explanation:</p> <p>The net financial liabilities ratio relates to a council's financial position.</p> <p>Definition:</p> <p><i>Net Financial Liabilities</i> are defined as:</p> $ \begin{array}{r} \text{Total Liabilities} \\ \text{less} \\ \text{Current Assets (Cash and Cash Equivalents)} \\ \text{less} \\ \text{Current Assets (Trade and Other Receivables)} \\ \text{less} \\ \text{Current Assets (Other Financial Assets)} \\ \text{less} \\ \text{Non-Current Assets (Financial Assets - excluding equity accounted investments in} \\ \text{council businesses)} \end{array} $ <p>The net financial liabilities ratio is:</p> $ \text{Net financial liabilities} \div \text{Total Operating Income} $ <p>Application:</p> <p>Applied historically in the context of audited financial statements, and to forward-looking LTFPs.</p> <p>Target:</p> <p>The LGA considers a ratio of between zero and 100%, but possibly higher in some circumstances, is appropriate.</p> <p>Also, councils that provide Community Wastewater Management Services (CWMS) are likely to need to have a higher level of net financial liabilities.³⁰</p> <p>Interpretation:</p> <p>A reducing ratio over time indicates that a council's capacity to meet its financial obligations from operating income is increasing, but this can be at the expense of intergenerational equity.</p>

³⁰ Paper 9, p.8.

Financial Indicator	Description
Asset renewal funding ratio ³¹	<p>Explanation:</p> <p>The asset renewal funding ratio relates to a council's asset management performance.</p> <p>Definition:</p> <p>Since 2013, the asset renewal funding ratio has been defined as:</p> $\text{Asset Renewal Expenditure} \div \text{IAMP Renewal Expenditure}$ <p>Where <i>IAMP Renewal Expenditure</i> is that required according to the IAMP.</p> <p>Prior to 2013, the asset renewal funding ratio (then known as the asset sustainability ratio), was defined as:</p> $\text{Net Asset Renewal Expenditure} \div \text{Depreciation}$ <p>Where:</p> $\begin{aligned} &\text{Net Asset Renewal Expenditure} \\ &= \\ &\text{Expenditure on Renewal/Replacement of Assets} \\ &\quad \text{less} \\ &\quad \text{Sale of Replaced Assets} \end{aligned}$ <p>Application:</p> <p>Applied historically in the context of audited financial statements and relevant IAMP, and to forward-looking LTFPs and the current IAMP.</p> <p>Target:</p> <p>The LGA considers a ratio greater than 90% but less than 110% appropriate.</p> <p>Interpretation:</p> <p>A ratio in line with the target indicates that existing assets are being renewed and replaced in line with a council's IAMP. A ratio outside of these bounds conveys the converse.</p>

³¹ While the definition of this ratio changed in 2013, it continued to be known as the asset sustainability ratio until 2018.

Appendix 2: List of the Draft F&A graphs

The Draft F&A included the following graphs.

Financial indicator	Draft F&A graphs
Operating surplus ratio	<ul style="list-style-type: none"> ▶ Operating surplus ratio, including LGA target bands <i>(Yearly and cumulatively, on council actuals/forecast basis)</i> ▶ Total income and total expenses <i>(Yearly and cumulatively, on council actuals/forecast basis)</i> ▶ Total income <i>(Yearly, on council actuals/forecast and a 'CPI constrained' basis)</i> ▶ Income proportions <i>(Yearly, split by rates and other income, on council actuals/forecast basis)</i> ▶ Average rates income per rateable property <i>(Yearly, on council actuals/forecast and a 'CPI constrained' basis)</i> ▶ Total expenses <i>(Yearly, on council actuals/forecast basis and a 'CPI constrained' basis)</i> ▶ Expenses by expenditure category³² <i>(Yearly, on a council actuals/forecast basis)</i> ▶ Average expenses per rateable property <i>(Yearly, on council actuals/forecast and a 'CPI constrained' basis)</i>
Net financial liabilities ratio	<ul style="list-style-type: none"> ▶ Net financial liabilities ratio, including LGA target bands <i>(Yearly, on council actuals/forecast basis)</i> ▶ Total income and net financial liabilities <i>(Yearly, on council actuals/forecast basis)</i> ▶ Total liabilities and total borrowings <i>(Yearly, on council actuals/forecast basis)</i> ▶ Cash and cash equivalents at year-end <i>(Yearly, on council actuals/forecast basis)</i>

³²

Categories as per the Model Financial Statements.

Financial indicator	Draft F&A graphs
Asset renewal funding ratio	<ul style="list-style-type: none"> ▶ IAMP based asset renewal funding ratio, including LGA target bands <i>(Yearly, on council actuals/forecast basis)</i> ▶ Net asset renewals and IAMP expenditure <i>(Yearly, on council actuals/forecast basis)</i> ▶ Depreciation based asset renewal funding ratio, including LGA target bands <i>(Yearly, on council actuals/forecast basis)</i> ▶ Net asset renewals expenditure and depreciation <i>(Yearly, on council actuals/forecast basis)</i> ▶ IAMP based renewal/replacement gap <i>(Cumulatively, on council actuals/forecast basis)</i> ▶ Depreciation based renewal/replacement gap <i>(Cumulatively, on council actuals/forecast basis)</i> ▶ Total capital expenditure <i>(Yearly, on council actuals/forecast basis)</i> ▶ Total capital expenditure by category³³ <i>(Yearly, on council actuals/forecast basis)</i> ▶ Total capital expenditure proportion by category³⁴ <i>(Yearly, on council actuals/forecast basis)</i> ▶ Value of the asset stock <i>(Yearly, on council actuals/forecast basis)</i> ▶ Value of the asset stock per rateable property <i>(Yearly, on council actuals/forecast basis)</i>

³³ Categories as per the Model Financial Statements.

³⁴ Categories as per the Model Financial Statements.



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444

E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au



Local government advice scheme Schedule of Councils

On 30 April 2022, amendments to the *Local Government Act 1999* established an advisory scheme for local councils. The aim of the scheme is to give ratepayers confidence that the rates they pay are set at the level necessary for their council to provide the services they value. The Essential Services Commission (**Commission**) is the advisory body. The State's 68 councils are subject to the scheme.

To implement the first cycle of the scheme, all councils have been allocated into a relevant scheme year over a four-year prescribed period. The Schedule of Councils for the local government advice scheme, starting in 2022-23 and ending in 2025-26, is in Table 1 below.

Table 1: Schedule of Councils

2022-23	2023-24	2024-25	2025-26
Urban Development & Urban City Centre			
Burnside	Marion	Adelaide	Holdfast Bay
Prospect	Mitcham	Campbelltown	Norwood, Payneham & St Peters
Salisbury	Walkerville	Charles Sturt	Port Adelaide Enfield
West Torrens		Gawler	Tea Tree Gully
		Unley	
Urban Fringe			
Adelaide Hills	Onkaparinga	Alexandrina	Barossa
	Playford		
Urban Regional			
Murray Bridge	Roxby Downs	Mount Barker	Cooper Pedy
Port Lincoln	Victor Harbor	Mount Gambier	Port Augusta
	Whyalla		

2022-23	2023-24	2024-25	2025-26
Rural Agricultural: Small & Medium			
Barunga West	Karoonda East Murray	Elliston	Ceduna
Cleve	Kimba	Flinders Ranges	Mount Remarkable
Goyder	Northern Areas	Orroroo Carrieton	Peterborough
Kingston	Robe	Tumby Bay	Southern Mallee
		Wudinna	Streaky Bay
			Franklin Harbour ¹
Rural Agricultural: Large & Very Large			
Adelaide Plains	Clare & Gilbert Valleys	Coorong	Berri Barmera
Mid Murray	Grant	Loxton Waikerie	Copper Coast
Wattle Range	Light	Port Pirie	Kangaroo Island
Yankalilla	Lower Eyre Peninsula	Tatiara	Naracoorte Lucindale
Yorke Peninsula	Renmark Paringa		Wakefield

Further Information

The initial four-yearly Schedule of Councils (2022-23 to 2025-26) came into effect on 30 April 2022. It has been set based on existing local government classifications.

For information on the methodology used to arrive at the Schedule of Councils, refer to [Schedule for the scheme \(2022-23 to 2025-26\)](#), available on the Commission's website.

Information on the Commission's Framework and Approach is available at:

- escosa.sa.gov.au/advice/advice-to-local-government.

For questions on the local government advice scheme or this fact sheet, please email:

- advice@escosa.sa.gov.au.

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, visit www.escosa.sa.gov.au.

Essential Services Commission
GPO Box 2605 ADELAIDE SA 5001

Telephone: (08) 8463 4444 E-mail: escosa@escosa.sa.gov.au Web: www.escosa.sa.gov.au

¹ The District Council of Franklin Harbour has been reallocated to year four of the scheme, to allow the council to focus on unavoidable repairs to its road infrastructure in 2022-23 and 2023-24 resulting from Cyclone Tiffany.

Item No: 15.2

Subject: **CLIMATE CHANGE ADAPTION GOVERNANCE ASSESSMENT**

Date: 9 August 2022

Written By: Team Leader, Environment and Coast

General Manager: Assets and Delivery, Michael de Heus

SUMMARY

The City of Holdfast Bay undertook an external assessment of its climate change adaptation governance. This assessment indicates how well Council is incorporating climate change adaptation governance into their corporate processes and frameworks.

The findings of this assessment have provided a range of recommendations to assist Council in improving their climate change adaptation governance.

The report identified City of Holdfast Bay as having excellent coverage of climate change in its governance mechanisms and overall achieved a well above-average score in the quantitative climate change governance assessment. The City of Holdfast Bay's score has ranked third of the 341 Australian Local Governments assessed so far using this methodology.

RECOMMENDATION

1. **That Council notes the report.**
-

STRATEGIC PLAN

Sustainability: Achieve our key environmental objectives.

Environmental Strategy: Our climate, Our Coast, Our Nature, Sustainable Resources, Working Together

COUNCIL POLICY

Not applicable

STATUTORY PROVISIONS

Not applicable

BACKGROUND

Climate change presents material, foreseeable and actionable risks, including physical, social, financial, legal and transitional risks. It is Council's responsibility to understand, disclose and manage these risks. Climate change is a risk management problem that affects all parts of our business.

Legal, financial and transitional (i.e. governance) climate risks gained a lot of traction in 2018 with the launch of the Taskforce on Climate-related Financial Disclosures, which has driven enormous change across both business and government. The legal and financial costs of climate change are starting to be felt and Council needs to be prepared.

An external assessment was undertaken to identify how well Council is incorporating climate change adaptation governance into our corporate processes and frameworks. The findings were collected from an online staff survey, the analysis of publicly available corporate documents and from face-to-face meetings with a range of staff.

REPORT

The City of Holdfast Bay has an excellent coverage of climate change in its governance mechanisms and overall has achieved a well above-average score in the quantitative climate change governance assessment. Council received a score for nine out of ten indicators, which "is an outstanding achievement as very few Australian Local Governments have achieved this". It is worth noting that the City of Holdfast Bay is ranked third of the 341 Australian Local Governments assessed so far using this methodology.

The final report provides a range of recommendations to assist us to continually improve our climate governance.

Refer Attachment 1

BUDGET

Improvement actions to be progressed within current operational budgets.

LIFE CYCLE COSTS

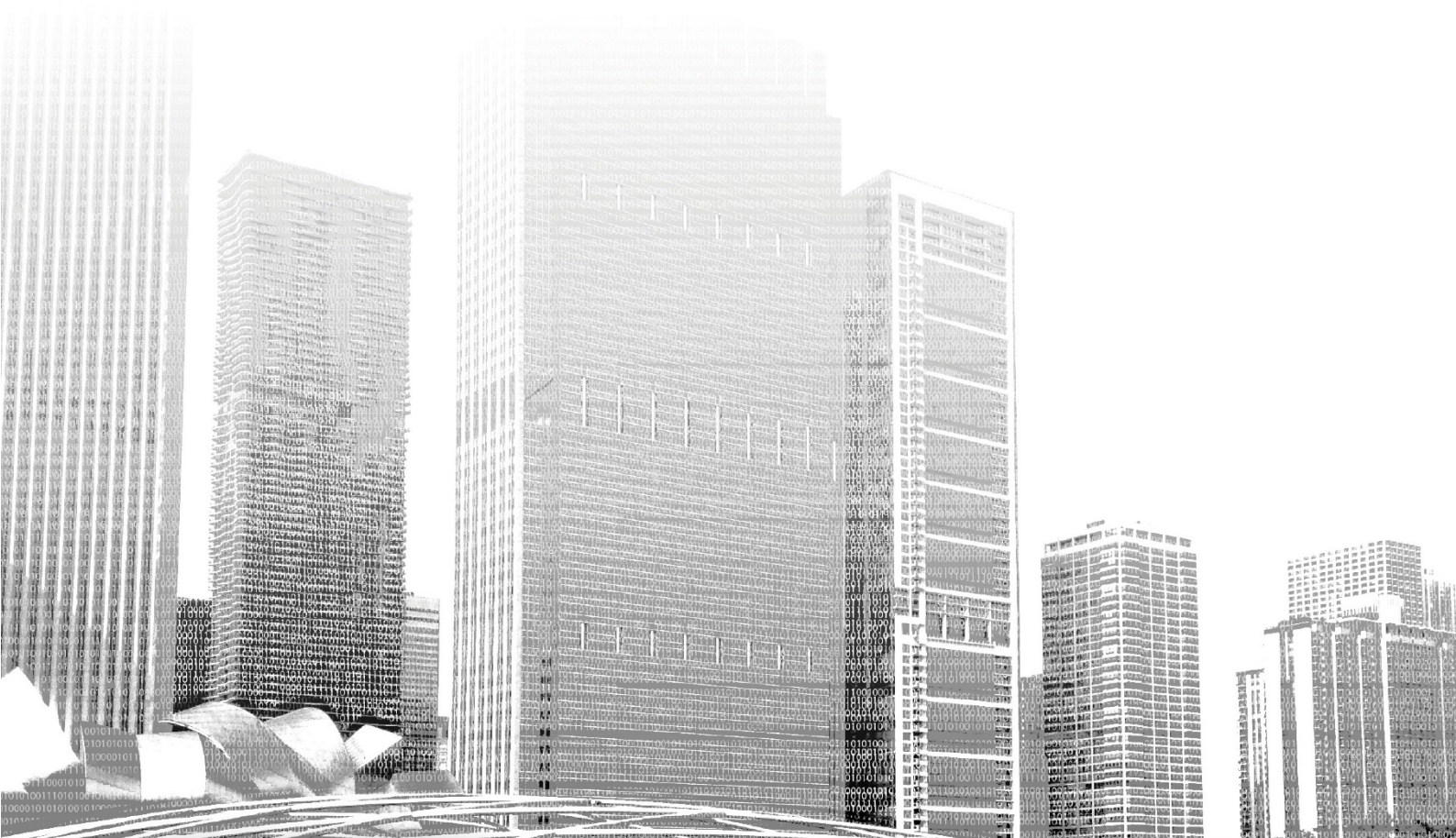
Not applicable

Attachment 1



CLIMATE CHANGE ADAPTATION GOVERNANCE ASSESSMENT

Climate Change Adaptation Governance Assessment Report for the City of Holdfast Bay



INFORMED.CITY™

Visualisation



Prepared for:
The City of Holdfast Bay

Date/ Version:
17 June 2022/ Version 1
Council documents downloaded on 30th May 2022

Prepared by:
Climate Planning and Edge Environment

Citation:
Climate Planning and Edge Environment 2022.
South Australia Climate Change Adaptation
Governance Assessment: Climate Change
Adaptation Governance Assessment Report for
the City of Holdfast Bay, prepared for the City of
Holdfast Bay, June 2022

Contact:
Donovan Burton
Climate Change Adaptation Specialist
Climate Planning
donovan@climateplanning.com.au

Dr Mark Siebentritt
Director
Edge Environment
mark.siebentritt@edgeenvironment.com

Caveat:
The information provided in the visualisations is the result of an analysis using Climate Planning's Informed.City™ tool, current as of 30th May 2022. This analysis has limitations based on the scope and resources allocated for this project, and therefore users should discuss these limitations with the authors before relying on the information. The method used to develop the visualisations and its results is copyright and cannot be used by any party without prior written permission from Climate Planning. The results cannot be relied upon by any third party and is not designed to (and therefore cannot be used to) support any legal, financial or insurance-based decisions without written approval from Climate Planning.

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Executive Summary

The City of Holdfast Bay engaged Climate Planning and Edge Environment (Edge) to undertake an assessment of its climate change adaptation governance. This assessment indicates how well Council is incorporating climate change adaptation governance into their corporate processes and frameworks. The findings of this study include information collected from an online staff survey, results of the assessment of corporate documents, and findings from face-to-face meetings with representatives of the City of Holdfast Bay. The report also provides a range of recommendations to assist the City of Holdfast Bay in improving their climate change adaptation governance.

Methodology

The Project Team used Climate Planning's Informed.City™ platform to implement the project. The governance assessment for the City of Holdfast Bay was undertaken in two stages:

- **Quantitative Assessment** - typology-based review of local government inclusion and influence of climate change in publicly available corporate documents. Also included a survey of staff members' understanding of climate change impacts, their department's capacity to adapt and their perceived barriers and enablers to improved consideration of climate change in Council decision-making. The quantitative assessment was completed on the 30th of May 2022.
- **Qualitative Assessment** - qualitative analysis of local government consideration of climate change adaptation governance based on face-to-face meetings with key council staff members. These meetings were used to glean information about barriers and enablers to mainstreaming consideration of climate change. The qualitative assessment was conducted on the 30th of March 2022.

Results and Specific Recommendations

The findings of this report bring together information obtained from the above two stages, with a summary of the key insights from the governance assessment presented below.

Quantitative assessment

The Project Team conducted a governance assessment of the City of Holdfast Bay to explore how climate change was considered in their corporate documents. The City of Holdfast Bay was assessed against ten quantitative governance indicators, with Figure 1 displaying Council's performance.

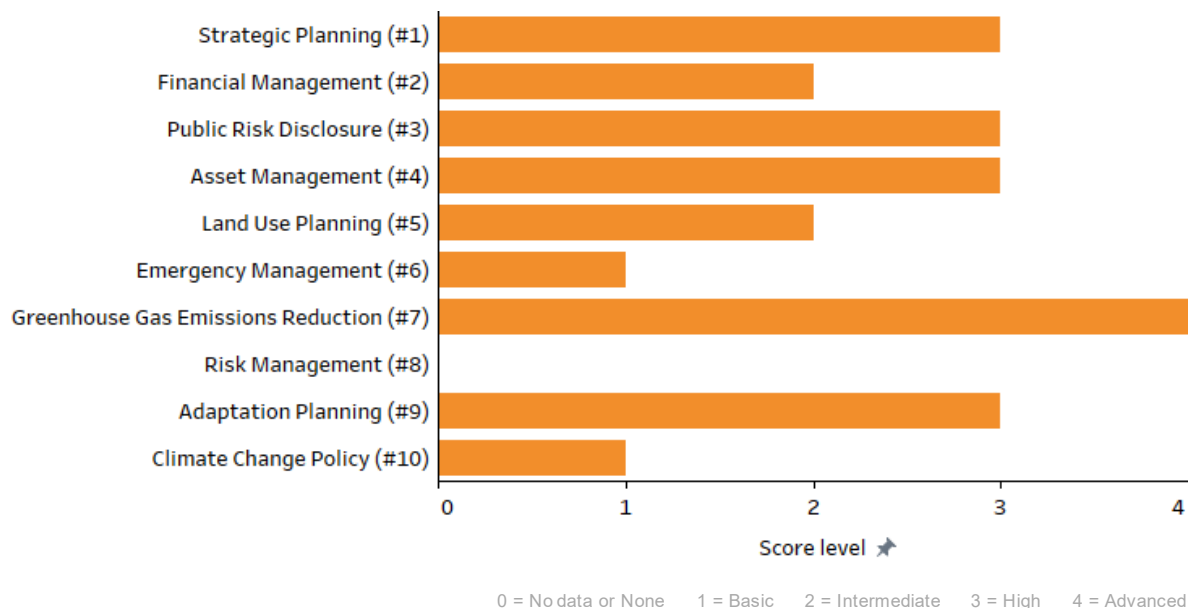


Figure 1: The City of Holdfast Bay's quantitative scores for climate change adaptation governance

Table 1 provides the recommended 'first steps' which council should consider implementing for each indicator to improve their climate change adaptation governance scores.

Table 1: Recommended 'first steps' which the City of Holdfast Bay should implement to improve their governance scores

Indicator Type Tag	Level	Recommendation
Strategic Planning (#1)	High	To increase the score for this indicator (to 'Advanced') the Strategic Management Plan needs to have a very strong consideration of climate change. In particular climate change should be specifically mentioned in all Council functions (not just in the environmental and/or sustainable objectives). To support an 'Advanced' score, general terminology in the Strategic Management Plan will need to: acknowledge the need to manage both the direct and indirect effects of climate change, include resilience development in a carbon-constrained economy, and have a range of key performance indicators across all Council functions. To implement an advanced consideration in a Strategic Management Plan, the organisation will need to allocate resourcing for at least one climate change officer and the various studies that will be required to support them in their role. To capture the cost-benefit of these allocated resources Council will need to ensure that the Strategic Management Plan contains key performance indicators that focus on collecting data for monitoring and evaluation over time.

Indicator Type Tag	Level	Recommendation
Financial Management (#2)	Intermediate	To increase the score for this indicator (to 'High') Council should undertake a review of key financial planning documents as soon as possible. As well as having general statements about climate change (e.g. in the introduction) ensure that some recognition of at least two specific risks and/or Council function (e.g. sea level rise and asset depreciation). An example of phrases in financial management plans and/or policies that will support a 'High' score include: "Council recognises that climate change may affect its financial performance and will seek to identify the most suitable means for identifying how climate change may affect financial management" and "Council will explore the financial ramifications that climate change may present on its asset value, depreciation and exposure to increased extreme events" and "Council will explore how climate change may affect the resourcing needs for operations (e.g. employment of a climate change officer, hiring of consultants, trialling innovative engineering measures, etc.)." Implementing this action requires minimal resourcing. However, the effect of financial management issues on other council functions (e.g. assets) are important to consider. For example, understanding whether staff capacity, capability and training needs are a barrier to understanding climate change and its financial implications in your council.
Public Risk Disclosure (#3)	High	To increase the score for this indicator (to 'Advanced') the risk register should have a very good inclusion of direct and indirect climate change risks to Council and the community it represents. Detailed and well-informed treatment options should be recorded. All the gaps in Council's most recent governance study should be explored and where they are low a quantification of the risks to Council should be expressed. Types of risks that should be recorded include, but are not limited to: insurance availability, service delivery, staff health and wellbeing, rateable income, economic impacts for the community, supply chain risks, OPEX and CAPEX risks for assets, depreciation risks, food and water security, and investment risk. To achieve an 'Advanced' score, Council will require a concerted effort to understand the type of risks and as such, some initial resourcing may be required to improve staff capacity and/or fund technical studies.
Asset Management (#4)	High	To achieve an improvement in this governance score (to 'Advanced') the asset management plan requires a detailed analysis of the exposure of all Council assets. The exposure should quantify the number or extent of the exposure (e.g. kilometres of road exposed to sea level rise inundation) and the value of that exposure. The asset management plan should include specific responses for managing the risks to those assets and the likely timing and resource requirements to implement the adaptation measures. To incorporate this level of consideration, Council will need to allocate resources to undertake detailed risk assessments and cost-benefit analysis of the measures. The asset management plan should align with the level of consideration in financial management planning and vice-versa. An advanced asset management plan is also likely to explore public-private partnership and other collaborative opportunities. It would be extremely beneficial to have a supporting climate change policy that specifies the consistent standards, planning horizons and thresholds in climate change decision making (e.g. what climate change scenario Council will plan to, and what key performance indicators will be used).

Indicator Type Tag	Level	Recommendation
Land Use Planning (#5)	Intermediate	The assessment has found that Council has no further control over land use planning related to climate change than what is in the State-wide Planning and Design Code. Council should communicate with Planning and Land Use Services, through the state Attorney General's Office about ways in which local governments can better respond to climate change in their local planning decisions. Council should also collaborate with other local governments to engage with the State Government to raise awareness of relevant planning limitations and advocate for improved considerations of climate change in the Planning and Design Code. Relevant issues that should be incorporated into the Code include consideration of climate-related transition and physical issues associated with: the natural environment, built form, land use restrictions, renewable energy, transport planning, tradeable development rights, local climate change and sea level rise modelling etc.
Emergency Management (#6)	Basic	To increase the score for this indicator (to 'Intermediate') the Council emergency management plan (or similar instrument) must be amended to ensure that climate change is referred to in the introduction and one element of climate change is considered in the plan. An example of phrases in an emergency management plan that will support an 'Intermediate' score includes: "Climate change is likely to exacerbate many of the known disaster risks and affect those already especially vulnerable to natural hazards". Issues that will be relevant are the increased heatwave risk (i.e. present information on the current number of heatwave days for selected locations and then how that may change in 2030 / 2050 etc.). The most cost-effective approach to this would be to glean information from other Councils in South Australia or Australia who have participated in an Informed.City™ climate change adaptation governance assessment and have reasonable scores in the indicators that you need help in improving.
Greenhouse Gas Emissions Reduction (#7)	Advanced	Council has received an 'Advanced' score for this indicator. Achieving this score sees Council in the top fraction of Australian local governments for this indicator and places it in a position to share its journey with other local governments seeking to improve their consideration of climate change. To ensure that this indicator maintains this level it will be important to monitor any new national and international targets (e.g. bringing forward carbon neutrality date). It will also be important to ensure that Council maintains sufficient staff capacity and resourcing to maintain the score for this indicator.
Risk Management (#8)	No data	No information was available to assess this score. Council should ensure that the relevant reports associated with this indicator are publicly available. Transparency supports community confidence in Council and enables businesses and residents to ascertain the extent of Council decision-making associated with this climate change.
Adaptation Planning (#9)	High	This recommendation focusses on the need for a Council climate change adaptation strategy (or similar) as a local instrument (not just regional). A detailed local plan ensures ownership and can better align with internal governance and reporting. Ensure that a comprehensive Council adaptation strategy and/or action plan exists (for Council and the community). As a minimum include all of the following: key performance indicators, identified roles and responsibilities, the timing for delivery, linked to governance (mainstreaming), includes information from the community, and other key stakeholders. There will be an initial outlay of resources required to achieve this level of adaptation planning (e.g. undertake climate change risk assessments, quantify the number of Council assets exposed to risk, cost and prioritise adaptation actions, and assign roles and responsibilities).

Indicator Type Tag	Level	Recommendation
Climate Change Policy (#10)	Basic	A climate change policy will help ensure Council's method for adapting to climate change is consistent and robust. If Council is to implement a climate change policy, then it should include all of the following: specific IPCC climate change scenarios it is aligning to (preferably RCP 8.5 as a minimum), identified roles and responsibilities, timing for delivery, triggers for review (e.g. within 6 months of each IPCC assessment report), activities for improving governance scores, (mainstreaming), and commitment to community and/or stakeholder engagement. The most cost-effective approach to this would be to glean information from other councils in South Australia or Australia who have participated in an Informed.City™ climate change adaptation governance assessment and have an advanced climate change policy.

Qualitative assessment

During the face-to-face meetings, the Project Team asked representatives of the City of Holdfast Bay a series of questions about climate change. These questions were used in a qualitative analysis to understand the issues, barriers and enablers for considering climate change in decision making for the City of Holdfast Bay. The results for the qualitative assessment are categorised into seven indicators. From these results, the Project Team have devised the following specific recommendations to assist the City of Holdfast Bay in improving their climate change adaptation governance.

Indicator 11: Climate Risk Assessments

- 11.1 Carry out a detailed climate change risk assessment that explores (and quantifies) transition and physical risk.
- 11.2 Consider the development of integrated [climate change scenarios](#) to tease out transition risk and identify how climate change may affect Council's ability to implement its strategy.
- 11.3 Identify the process by which climate risk assessment results can feed into the Strategic Risk Register.

Indicator 12: Climate Legal Risk

- 12.1 Identify priority areas for climate legal risk advice, especially about the relative role of Council compared to residents, businesses, and the State Government.
- 12.2 Ensure that legal risks associated with climate change are included in the risk register, until well managed.

Indicator 13: Staff Capacity and Resource Allocation

- 13.1 Develop a capacity-building program to continue to raise staff awareness about climate change impacts and how they can be managed within different Council functions. This should be an ongoing program similar to how workplace health and safety training is conducted across the organisation.

Indicator 14: Community/Stakeholder Engagement

- 14.1 Develop a Climate Change Stakeholder Engagement Strategy, which identifies engagement objectives, target audiences, engagement channels, a schedule of activities, and KPIs. This should include issue-specific engagement (e.g. heatwave risks) as well as general awareness-raising.

Indicator 15: Institutional/Intergovernmental Relationships

- 15.1 Seek to clarify the role of Council as compared with the State Government about managing climate risk.
- 15.2 Work with banks to better understand broader market risk and how they are considering the effects of climate change. It would be in the Council's interest to know how banks identify risk and what they see determines resilience at a local level. This may help the City of Holdfast Bay understand the risk to rateable income due to property value risk. Where possible the City of Holdfast Bay should identify opportunities to incorporate risk definitions used by the banking sector into its risk management approach.

Indicator 16: Climate Change Information

- 16.1 Develop a register of information requirements needed to inform key decisions that will be impacted by climate change to identify where information gaps exist. This should be done as part of implementing a monitoring and evaluation plan and directed by a Climate Change Policy.

Indicator 17: Information Systems

- 17.1 Utilise Council's Smart City framework to collate and analyse risk information and explore the potential role of GigCity as a platform for improved information systems.
- 17.2 Sponsor GovHacks and local hackathons with the focus being solely on climate change adaptation.
- 17.3 Provide an annual publication of data collected in Council's accounting system on post extreme event/disaster clean-up costs/resource use. This will assist with communicating impacts to the community over time.

Conclusion

The City of Holdfast Bay has an excellent coverage of climate change in its governance mechanisms and overall has achieved a well above-average score in the quantitative climate change governance assessment. Council received a score in nine out of the ten governance indicators. This is an outstanding achievement as very few Australian local governments have achieved this.

Council has achieved an 'Advanced' score for its commitment to reduce emissions, with its net zero target. Council's commitment to recognising and disclosing its risks is evident via the 'High' score for the Public Risk Disclosure indicator. Council also achieved a 'High' score for the Strategic Planning, Asset Management and Adaptation Planning indicators and were awarded an 'Intermediate' score for two other indicators (Financial Management and Land Use Planning). The City of Holdfast Bay also scored 'Basic' score for Emergency Management and Climate Change

Policy. It is worth highlighting that Council received a 'None' score for Risk Management (which is the indicator that looks at the formal risk management system).

At the time of this assessment, the City of Holdfast Bay is currently ranked third of the 341 Australian local governments assessed in the methodology.

The key climate-related risks identified during the interviews were predominantly physical. These include risks associated with heatwaves and sea level rise. Council staff had a strong recognition that, if not managed effectively, climate change has the potential to pose a significant financial strain on the organisation.

While some specific recommendations are presented in the report, the key issues are associated with the need to formally quantify climate change risks and improve the incorporation of the issue into the risk management framework and financial planning mechanisms.

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List of Abbreviations

ASIC	Australian Securities and Investments Commission
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CWMS	Community Wastewater Management System
FTE	full-time equivalent
ICT	information communication technology
IPCC	Intergovernmental Panel on Climate Change
IPWEA	Institute of Public Works Engineering Australasia
KPI	Key performance indicator
NCCARF	National Climate Change Adaptation Research Facility
QLD	Queensland
SEMP	State Emergency Management Plan
SMP	strategic management plans
TAS	Tasmania
TCFD	Task Force on Climate-related Financial Disclosures
UNFCCC	United Nations Framework Convention on Climate Change
WSUD	water-sensitive urban design
ZEMC	Zone Emergency Management Committees
ZEMP	Zone Emergency Management Plan

1 Introduction

1.1 Responding to Climate Change

Climate change is a pressing issue for local government that is already manifesting as a legal, social, economic and environmental risk. Local governments make decisions that span generations (e.g. roll-out of infrastructure, planning for future settlements) and as such need to be actively assessing and responding to the direct and indirect risks that climate change presents. However, since climate change presents a plethora of direct and indirect challenges that are likely to change over time, it will be impossible to effectively manage the issue in an ad-hoc and reactive manner.

Climate change requires a focus on both mitigation and adaptation activities. Mitigation limits the long-term contribution of greenhouse gas emissions to global environmental change and adaptation responds to the impacts that will already be locked into the climate system. The integration of mitigation and adaptation activities act as drivers for a low carbon economy, accessing economic and social opportunities.

Robust decision-making frameworks minimise future uncertainty as issues and information emerge and become important. This has been identified as the priority for Australian local governments:

Local governments will better respond to the challenges of climate change in an environment where adaptive responsibilities are clear, response and evaluation frameworks are consistent across jurisdictions, approaches to mainstreaming climate change adaptation are implemented, and decisions are made on the basis of the best data and information. (National Climate Change Adaptation Research Facility (NCCARF), 2013)

1.2 A South Australian Context

South Australia was the first jurisdiction in Australia to introduce climate change-specific legislation – the *Climate Change and Greenhouse Emissions Reduction Act 2007* (the Act). The Act promotes climate change mitigation and adaptation action within South Australia that provides consistency with national and international schemes. In response to the Act, the Local Government Climate Change Adaptation Program was developed with the support of the Local Government Association Mutual Liability Scheme. This led to the first comprehensive assessment of climate risks across councils in South Australia, which were mostly undertaken over the period 2010 to 2011.

This initial experience with climate risk planning was built on following the release in 2012 of South Australia's adaptation framework "Prospering in Changing Climate: A Climate Change Adaptation Framework for South Australia". The framework outlined a consistent approach for the development of regional adaptation plans and delivery of integrated vulnerability assessments for all parts of the State. The resulting integrated vulnerability assessments and regional plans were completed over the period 2014 to 2017 and have been progressively implemented in most regions with the support of region-wide or council specific adaptation action plans.

1.3 Assessing Climate Change Adaptation Governance

The extent to which climate change risk and adaptation is considered in a local government's core governance documents may affect the implementation of the organisation's approach to climate change adaptation.

Measuring and monitoring indicators for climate change adaptation and mitigation governance provide a platform for a consistent approach. This allows local governments the ability to monitor and improve their performance over time. Initial focus and emphasis should be on a council's adaptation governance. Unless it can be ensured that a council's internal adaptive capacity is robust, that is its ability to respond to potential climate change impacts, then there is a risk that specific adaptation actions will be ad-hoc and constrained by limited resourcing and political support.

[Climate change] governance is not about the specific measure but the system and framework that supports the decision-making process...given the complexities and rapid emergence of regulations, evolving information and market responses, implementing [climate change] governance is the only way an organisation can truly maintain an effective response (Edwards, Burton, & Baker-Jones, 2017).

Understanding climate change governance may help decision-makers to estimate the vulnerability of a system to stress and address the underlying causes of vulnerability over time. It may help to support proactive decision-making by assisting organisations to identify both the risks and possible responses in advance and develop the capacity to implement the required actions.

The need to focus on climate change governance is gaining momentum in academic literature, United Nations publications and approaches, and corporate disclosure frameworks (Clos, 2015). For example, disclosure of governance arrangements around climate-related risks and opportunities is a key component of the recommendations of the Financial Stability Board's [Task Force on Climate-related Financial Disclosures](#) (TCFD) (see Figure 2).



Figure 2: Core Elements of Recommended Climate-Related Financial Disclosures (TCFD, 2016)

2 About This Report

This report presents the methodology and results of an analysis of the extent of climate change adaptation governance for the City of Holdfast Bay. It includes the information collected from an online staff survey, results of the governance assessment, and findings from face-to-face meetings with representatives of the City of Holdfast Bay. The report also provides a range of recommendations to assist the City of Holdfast Bay in improving their climate change adaptation governance.

This assessment predominantly focuses on adaptation governance. Mitigation has been considered only regarding formal greenhouse gas emissions reduction targets. A detailed greenhouse gas emissions governance assessment requires an audit of baseline emissions data and data recording protocols (e.g. emissions scope, alignment to Australian standards etc.) – which is outside the scope of this project.

3 Methodology











This project uses Climate Planning's climate change adaptation governance assessment framework to understand how effectively climate change considerations are integrated into the corporate operations and governance for the City of Holdfast Bay. The governance assessment was undertaken in two stages:

- **Quantitative Assessment** - typology-based review of local government inclusion and influence of climate change in publicly available corporate documents. Also includes a survey of staff members' understanding of climate change impacts, their department's capacity to adapt and their perceived barriers and enablers to improved consideration of climate change in Council decision-making.
- **Qualitative Assessment** - qualitative analysis of local government consideration of climate change adaptation governance based on face-to-face meetings with key council staff members. These meetings were used to glean information about barriers and enablers to mainstreaming consideration of climate change.

3.1 Quantitative Assessment

The quantitative assessment aimed to identify publicly available corporate documents for the City of Holdfast Bay and undertake a deeper exploration into how climate change is considered in those governance documents. These corporate documents are the key governance documents that either drive the organisational decision-making or report on the effectiveness of those processes. The documents were assessed against ten quantitative indicators for climate change adaptation governance (see Table 2).

Table 2: Justification of climate change adaptation governance indicators for the quantitative assessment

Indicator	Justification
 Strategic Planning	Strategic Planning documents direct how decision-makers in local government must discharge their responsibility under State legislation. Including considerations of climate change here will likely result in better likelihood for mainstreaming the issue in the council's operations and financial structures.
 Financial Management	If ignored, the effects of climate change are likely to have a considerable impact on a council's financial performance. This includes costs associated with asset management, service delivery, legal risk and insurance. Climate change may also affect rateable property value and therefore have the potential to affect council's primary income stream.
 Public Risk Disclosure	There is an increasing demand in the private sector for a transparent approach to addressing climate-related risk. A transparent approach means public disclosure of risks. Over time councils can expect insurers and finance providers, amongst others, to request councils to disclose how they are addressing climate-related risk.
 Asset Management	Local governments have hundreds of millions (and in some cases billions) of dollars invested in assets. Some of the assets that councils maintain have a long life expectancy and as such may be exposed to direct and indirect climate change risks. This generates a potentially unexplored or under-quantified financial risk for local governments.
 Land Use Planning	Land use planning can play a critical role in climate change adaptation. Strategic and local planning decisions can both increase or decrease the exposure of human settlements to climate change impacts. If done well effective land use planning can support climate-resilient and low energy development.
 Emergency Management	There are significant opportunities to drive climate change adaptation decision making through emergency management planning. Adaptation has numerous supporting benefits for emergency management including the implementation of risk planning for disaster mitigation and preparedness, response capacity and minimising exposure to reoccurring situations.
 Greenhouse Gas Emissions Reduction	Climate change mitigation actions allow for an exploration and promotion of resilient energy systems and passive solar design that may reduce human health-related issues as well as considerable energy savings. Furthermore, it is very likely that climate change adaptation will need to occur in a carbon-constrained economy.
 Risk Management	Climate change is a complex issue that will exacerbate existing risks and present new ones. Often climate change risk management is undertaken in an ad hoc way – resulting in inconsistent approaches within an organisation. Some direction that defines how climate change risk is identified and disclosed will greatly improve council's adaptation planning.
 Adaptation Planning	Best practice adaptation plans identify the actions required to mitigate specific risks and have mechanisms in place to respond to physical, transitional and liability risks. Adaptation planning helps to set key performance indicators and establish roles and responsibilities across council and more broadly.
 Climate Change Policy	An internal Climate Change Policy (or corporate standard/ statement of intent) allows the organisation to place a climate change lens over all of council's activities and use the existing system to drive adaptation, risk minimisation and transition to a lower-carbon economy. It can allow for the agreed use of information sources and specific triggers for change.

The quantitative assessment focusses specifically on an assessment of Council's corporate documents which are publicly available which means they are accessible through an online platform (e.g. Council's website). An analysis of only public documents supports the growing recognition that disclosure of climate risk is an important element in climate change management. This is reinforced by Edwards et al. (2017) who state that "it is not enough to do the right thing, one must also be seen to be doing the right thing." The Paris Agreement recognises transparency as a fundamental principle in climate change management (both in actions and in governance). There is also an increasing call for local government disclosure of risk and governance responses by those who re-

insure local government risk. Proactive disclosure aids market decisions and also increases public trust in the government (Kim & Kim, 2007).

3.1.1 Keyword Analysis

The Project Team has identified 26 publicly available corporate documents from the City of Holdfast Bay which align with the ten quantitative indicators of climate change adaptation governance (see Table 3). The team conducted a keyword analysis to identify how many words associated with climate change were present in Council's documents. Some of the words reviewed include 'climate change', 'adaptation' and 'greenhouse gas emissions' (a complete list of words can be found in Appendix B). If any of these words were identified, the Project Team undertook a closer analysis of the context to assess the extent of how they were considered in the documents.

Table 3: The City of Holdfast Bay's corporate documents identified for the quantitative assessment

Indicator	Document Name
Strategic Planning (#1)	<ul style="list-style-type: none"> Our Holdfast 2050+ - Strategic Plan Annual Business Plan 2021-2022 Long Term Financial Plan 2021/22 - 2023/31 Arts & Culture Strategy 2019-2024 Asset Management Plans (see below) Community Land Management Plan 2014 Disability Access and Inclusion Plan 2020-2024 Environment Strategy 2020-2025 Events Strategy 2021-2025 Play Space Action Plan 2019 -2029 Open Space and Public Realm Strategy 2018-2030 Tourism Recovery Plan 2023 Youth Action Plan 2018-2023
Financial Management (#2)	<ul style="list-style-type: none"> Annual Business Plan 2021-2022 Long Term Financial Plan 2021/22 - 2023/31
Public Risk Disclosure (#3)	<ul style="list-style-type: none"> Corporate Risk Profile Movement 2021 Strategic Risk Register 2022
Asset Management (#4)	<ul style="list-style-type: none"> Asset Management Plan - Building 2020 Asset Management Plan - Open Space & Coastal 2020 Asset Management Plan - Plant & Equipment 2020 Asset Management Plan - Stormwater 2020 Asset Management Plan - Transport 2020 Asset Management Policy 2020
Land Use Planning (#5)	<ul style="list-style-type: none"> Planning and Design Code 2021 (State)
Emergency Management (#6)	<ul style="list-style-type: none"> Heatwave Response Policy 2017 Southern Adelaide Zone Emergency Management Plan 2018 (regional)
Greenhouse Gas Emissions Reduction (#7)	
Risk Management (#8)	
Adaptation Planning (#9)	<ul style="list-style-type: none"> Climate Ready Holdfast Bay 2020 Environment Strategy 2020-2025 Resilient South Regional Climate Change Adaptation Plan 2014 (regional)
Climate Change Policy (#10)	<ul style="list-style-type: none"> Climate Emergency Declaration

3.1.2 Evaluation Matrices

The Project Team assessed the corporate documents for each governance indicator using a scoring system developed by Climate Planning. The method is relatively simple as it uses scaled matrices with descriptions on a continuum between no consideration and an advanced consideration of climate change. The Project Team scored the corporate documents using a five-point scale which was tailored to each governance indicator in the quantitative assessment (these evaluation matrices are provided in Section 4.2).





Since the quantitative assessment relies on an analysis of the corporate documents, Council staff were not directly engaged for the quantitative indicators. Although, some findings obtained from the face-to-face meetings may inform and/or provide context about some of the quantitative indicators and will, therefore, be presented in the results where relevant. However, they are not given any weight in the conclusions of this report (other than limitations/barriers to mainstreaming noted by the staff).




The findings in this report are based on a quantitative assessment of the City of Holdfast Bay that was completed on the 30th of March 2022.

3.2 Qualitative Assessment

The purpose of the qualitative assessment was to build a more complete representation of climate change adaptation by focussing on the complex drivers which could not be understood through an assessment of public corporate documents in the quantitative assessment. These drivers are captured in seven qualitative governance indicators (see Table 4).

Table 4: Justification of climate change adaptation governance indicators for qualitative assessment

Indicator	Justification
 Climate Risk Assessments	Climate change risk assessments are useful for identifying and quantifying the potential effects of climate change. They provide organisations with the critical information they need to understand the impacts that climate change may present. Risk assessments also help to identify and prioritise issues that require further investigation and/ or adaptation actions.
 Climate Legal Risk	Climate change is emerging more and more as a climate legal risk problem that governments, organisations and the community are attempting to understand, avoid and manage. The nature of climate legal risk for local governments is a minefield that can manifest itself in many ways. There is the potential that one lawsuit could erode a council's financial resilience.
 Staff Capacity and Resource Allocation	Monitoring councils' resource and staffing commitment to climate change is critical to supporting ongoing climate change adaptation. If a council only relies on external consultants for adaptation research and responses, then it is doing very little to support the improved internal adaptive capacity of its organisation. The overarching goal for adaptation should be to mainstream consideration of climate change across all council activities.
 Community/ Stakeholder Engagement	Connecting to the community is a core component for developing a safer, more resilient community. It is a local community who will bear the brunt of climate change impacts as they directly or indirectly contribute towards adaptation efforts (e.g. through increased insurance costs, taxes, and voluntary community actions).

Indicator	Justification
 Institutional/ Intergovernmental Relationships	Climate change is a trans-boundary issue. Adaptation action (or inaction) by one stakeholder can both improve and erode the resilience of another. Economies of scale and collectively sharing knowledge can improve adaptation governance. The actions by a range of organisations have the potential to affect councils' resilience.
 Climate Change Information	Understanding the impacts of climate change requires access to climate change information. Whilst institutions such as NCCARF, CSIRO, and universities freely provide valuable publications on climate change risk and adaptation, obtaining climate change projections (e.g. from climate change models) is often a time consuming and expensive task, or one that can misalign with councils' timing needs.
 Information Systems	As the information technology age continues to shape our society it comes as no surprise to see that information services are playing an increasing role in supporting council operations and providing a new interface with the community it serves. Information communication technology networks such as social media platforms, websites and information portals have the potential to contribute significantly to councils' climate change adaptation ambitions.

The Project Team undertook face-to-face meetings with representatives from the City of Holdfast Bay. During the meeting conversations, representatives were asked a series of questions which the Project Team later used in a qualitative analysis to understand the issues and barriers and enablers for considering climate change in decision making for the City of Holdfast Bay. The information was obtained through a set of consistent questions aligned to the relevant themes.

The results collected through the qualitative assessment are not directly attributed to a 'score'. The findings from this assessment are used to build a better understanding of some areas of these indicators that may not become evident through a reading of the documents in isolation. While findings will not be attributed to a score, the outcome will inform any discussion or recommendations. They will also be recorded for a comparative review of future assessments.

The face-to-face meetings for Council were conducted on the 3rd of March 2021.

4 Results and Specific Recommendations

The results focus on interesting findings of the governance assessment as well as possible links drawn from a survey of staff members. This section first provides an overview of the results of the staff governance survey. The questionnaire for the staff governance survey has been provided in Appendix A. It then addresses the results and specific recommendations for the quantitative and qualitative assessment separately. Any interesting findings from the face-to-face meetings or the staff governance survey which relate to a specific governance indicator have also been integrated into the results.

4.1 Results for Staff Governance Survey

Of the 49 staff members in the City of Holdfast Bay who participated in the staff governance survey, the highest representation work in the Works/Field Services department (8 staff members, 14%). Other departments that participated in the survey include the Environment/Sustainability department, the Community, Health and Recreation department, and the Assets department (see Figure 3).

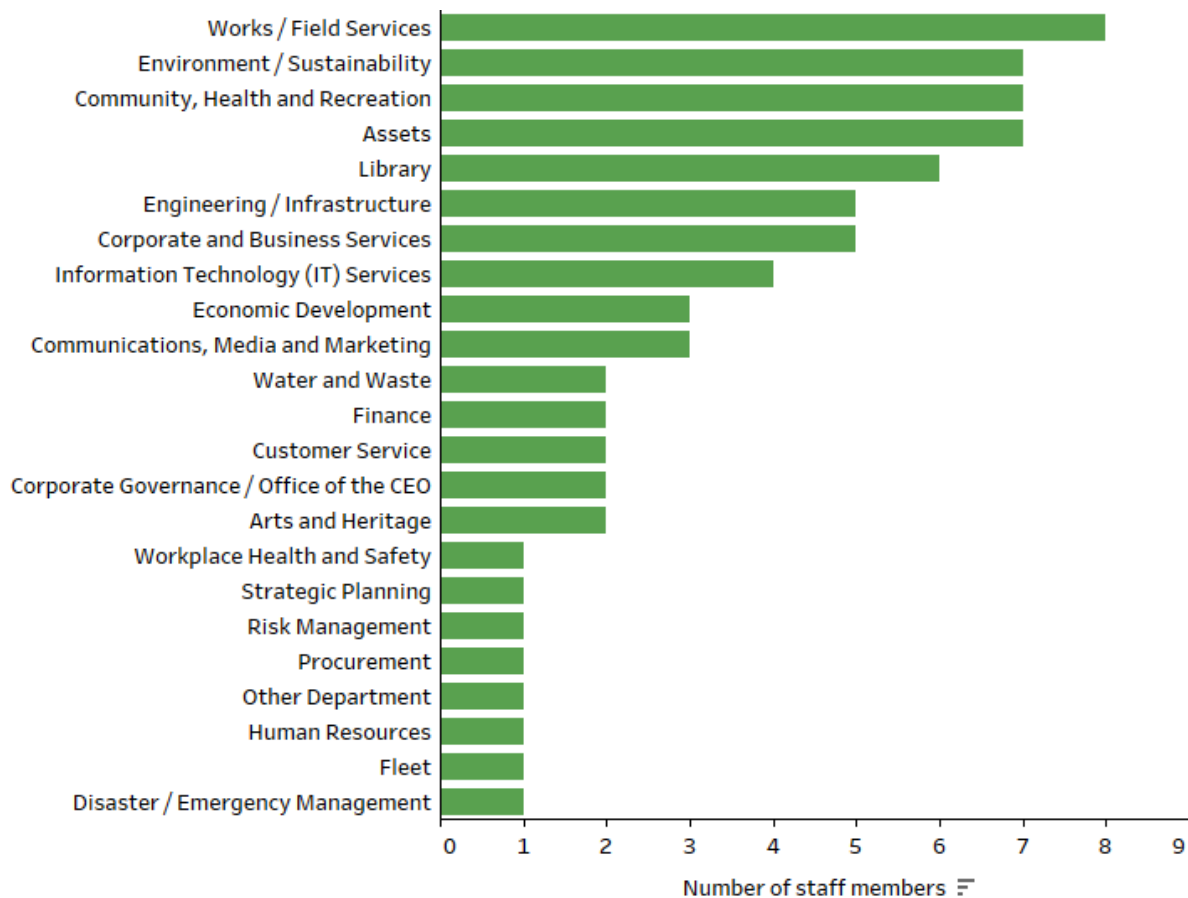


Figure 3: Number of the City of Holdfast Bay staff members from each department who participated in the staff governance survey

The online survey found that 88% of respondents have some level of understanding of climate change impacts and adaptation. Whilst 27 staff members stated that their understanding is limited, there are another 16 staff members who believe that they could comfortably incorporate/ consider climate change in their job (see Table 5). Furthermore, 28 respondents (61%) identified a good understanding of climate change as an enabler to Council's ability to plan for climate change.

Table 5: Understanding of climate change impacts and adaptation for the City of Holdfast Bay staff members

	Number of staff members	% of staff members
I am not sure of my understanding	3	6%
I have no understanding	3	6%
My understanding is limited	27	55%
I could comfortably incorporate/ consider climate change adaptation	16	33%
Total	49	100%

4.2 Results and Recommendations for Quantitative Assessment

The specific results of the quantitative assessment have been divided into the ten quantitative indicators of climate change adaptation governance. This section will elaborate on the City of Holdfast Bay's results for each governance indicator and provide specific recommendations for how council can transition to a higher score level. The analysis of each indicator will discuss the importance of the indicator, staff survey results, quantitative assessment results, and specific recommendations. Findings from the face-to-face meetings was provided for relevant indicators.

Please note that only one recommendation has been provided for each indicator as a 'first step' for council to transition to the next score level. These recommendations are specific to each level which means that completing one recommendation will only improve Council's score by one level. For this reason, there may be a range of recommendations which Council can implement to achieve a desired indicator score. For example, there are three specific recommendations that a council can implement to transition from 'Intermediate' to 'Advanced' for a particular indicator.

4.2.1 Overview of Quantitative Assessment Results

The Project Team conducted a governance assessment of the City of Holdfast Bay to explore how climate change was considered in their corporate documents. The City of Holdfast Bay was assessed against ten quantitative governance indicators, with Figure 4 displaying Council's performance.

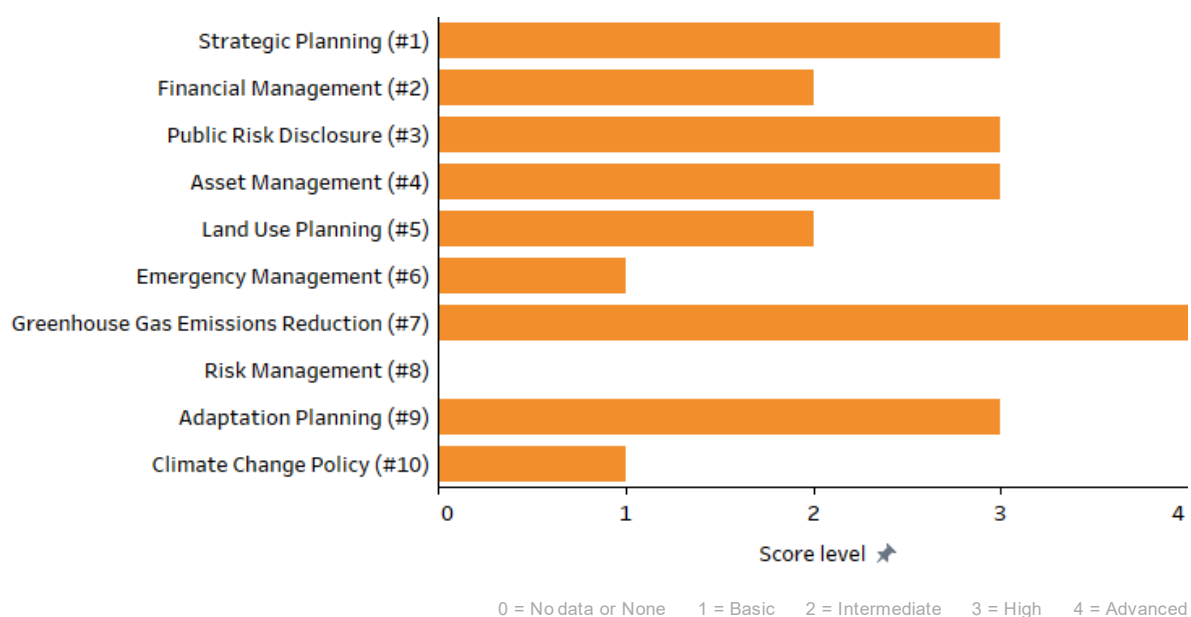


Figure 4: The City of Holdfast Bay's quantitative scores for climate change adaptation governance

The evaluation matrix (see Table 6) provides a summary of the City of Holdfast Bay's scores for each governance indicator including descriptions to explain how the indicators were assessed.

Table 6: The City of Holdfast Bay's quantitative evaluation for climate change adaptation governance

Indicator	Level	Description
Strategic Planning (#1)	High	Detailed inclusion of climate change, but is limited to two climate change issues (e.g. bushfire) AND/OR two council functions (e.g. land use planning).
Financial Management (#2)	Intermediate	Prescribed responses/ guidance for one climate change issue (e.g. bushfire) AND/OR one council function (e.g. land use planning) only.
Public Risk Disclosure (#3)	High	Detailed inclusion of climate change (more than one climate change issue AND/OR climate change risk), but is limited to responses to direct impacts of climate change.
Asset Management (#4)	High	Detailed inclusion of climate change, but is limited to two climate change issues (e.g. bushfire) AND/OR two council functions (e.g. land use planning).
Land Use Planning (#5)	Intermediate	Brief inclusion of climate change for one or more climate change issue AND/OR planning theme. Also includes objectives or desired outcomes for specific climate change considerations. May have some general strategies or suggested responses.
Emergency Management (#6)	Basic	General statements about climate change (e.g. in the introduction) OR includes other keywords associated with managing climate change in a general context (e.g. greenhouse gas emissions).
Greenhouse Gas Emissions Reduction (#7)	Advanced	A net-zero climate change target has been established by or before 2030.
Risk Management (#8)	No data	No publicly available risk management documents were found.
Adaptation Planning (#9)	High	Detailed responses for adaptation actions for both the Council and community. Does not have all the attributes listed in the 'Advanced' score level.
Climate Change Policy (#10)	Basic	Climate change is considered in either a climate change policy OR environment/ sustainability policy. There are prescribed responses/ guidance for one climate change issue (e.g. bushfire) AND/OR one council function (e.g. land use planning) only.

4.2.2 Indicator 1: Strategic Planning

Justification for this indicator

The strategic management plans (SMPs) are local government's core guiding documents that combine the community's aspirational vision, together with Council's commitments to actions to achieve these goals. Under Section 122 (1) of the *Local Government Act 1999*, "A council must develop and adopt plans (which may take various forms) for the management of its area, to be called collectively the strategic management plans" (Government of South Australia, 2019). These plans aim to identify the council's objectives for the area over a period of at least 4 years.

SMPs establish the vision, goals and objectives for a local government, as well as help shaped formal management processes. There is no prescribed format for Council SMPs and as such the information contained in them varies from council to council. Given the influence of the SMP, any consideration of climate change in the document/s is likely to assist local government adaptation decision-making.

Staff survey results

The online survey showed that 22 staff members (45%) believe that climate change is impacting Council's operations and procedures now and around 24% of respondents (12 staff members) believe it will be felt within the next 15 years (see Figure 5).

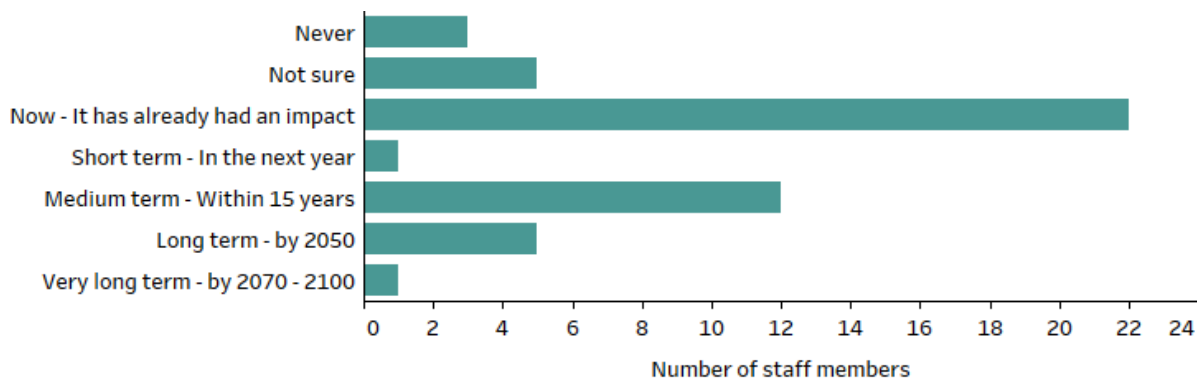


Figure 5: Impact of climate change on the City of Holdfast Bay's operations and procedures

Quantitative assessment results

The Project Team reviewed 16 documents that are included as part of Council's strategic management plans. The following documents provided no consideration of climate change:

- Arts & Culture Strategy 2019-2024
- Disability Access and Inclusion Plan 2020-2024
- Events Strategy 2021-2025
- Long Term Financial Plan 2021/22 - 2023/31
- Play Space Action Plan 2019-2029
- Tourism Recovery Plan 2023

There were two documents, the Youth Action Plan 2018-2023 and the Community Land Management Plan 2014 which included general statements about climate change or associated keywords. As a result, these documents scored 'Basic' for this indicator.

The following documents, including Council's most recent strategic plan, provided prescribed responses for climate change, and therefore were given an 'Intermediate' score.

- Our Holdfast 2050+ - Strategic Plan
- Annual Business Plan 2021-2022
- Open Space and Public Realm Strategy 2018-2030

Both the Environment Strategy 2020-2025 and Council's collective asset management plans received a 'High' score for having a detailed inclusion of climate change. This sees the City of Holdfast Bay score 'High' for the Strategic Planning indicator (see Table 7).

Table 7: The City of Holdfast Bay's indicator score for Strategic Planning

Level (Score)	Indicator Description
No data	No publicly available Strategic Management Plan/s were found.
None (0)	No consideration of climate change (or associated keywords) in the Strategic Management Plan/s.
Basic (1)	General statements about climate change (e.g. in the introduction) OR includes other keywords associated with managing climate change in a general context (e.g. greenhouse gas emissions).
Intermediate (2)	Prescribed responses ¹ / guidance for one climate change issue ¹ (e.g. bushfire) AND/OR one council function ¹ (e.g. land use planning) only.
High (3)	Detailed inclusion of climate change, but is limited to two climate change issues (e.g. bushfire) AND/OR two council functions (e.g. land use planning).
Advanced (4)	Climate change is well-considered and includes responses to direct and indirect impacts ¹ .

¹ See Appendix C for definitions of prescribed responses, climate change issues, council functions, and direct and indirect impacts

Specific recommendations for quantitative assessment

The Project Team recommend the following as a first step for the City of Holdfast Bay to transition from 'High' to 'Advanced' in the Strategic Planning indicator:

To increase the score for this indicator (to 'Advanced') the Strategic Management Plan needs to have a very strong consideration of climate change. In particular climate change should be specifically mentioned in all Council functions (not just in the environmental and/or sustainable objectives). To support an 'Advanced' score, general terminology in the Strategic Management Plan will need to: acknowledge the need to manage both the direct and indirect effects of climate change, include resilience development in a carbon-constrained economy, and have a range of key performance indicators across all Council functions. To implement an advanced consideration in a Strategic Management Plan, the organisation will need to allocate resourcing for at least one climate change officer and the various studies that will be required to support them in their role. To capture the cost-benefit of these allocated resources Council will need to ensure that the Strategic Management Plan contains key performance indicators that focus on collecting data for monitoring and evaluation over time.

4.2.3 Indicator 2: Financial Management

Justification for this indicator

Climate change is increasingly seen as a financial management issue. The cost of direct and indirect impacts will cascade through the economy and affect costs associated with a local government's activities and responsibilities. For example, at a local level, changes in the productivity of the wine sector could impact wine and tourism businesses, while homes at risk from flood and fire could lead to reduced property values in some areas. At an international level, increased extreme weather in Asia may disrupt global supply chains and affect the availability of certain goods and services for local governments, or increased litigation may affect local government insurance costs (general insurance and liability cover). The *Local Government Act 1999* requires local governments to prepare

a Long-Term Financial Management Plan (s.122)(1a) and an Annual Business Plan (s. 123)(1) as part of their system of financial management.

Furthermore, climate change adaptation requires initial and ongoing outlay of resources and commitment of staff time. Resource constraints and/or lack of financial commitment from local governments are often identified as a primary barrier to implementing climate change adaptation. In Climate Planning's experience, it involves minimal resourcing for a council to achieve a 'Basic' or 'Intermediate' score for Financial Management, however, to reach the upper score ranges ('High' and 'Advanced') requires a more formal and strategic commitment.

Staff survey results

In the online survey, 30 staff members (63%) identified limited assigned funding as a barrier hindering Council's ability to plan for climate change, which ranked first in the collection of barriers (see Figure 6). On the other hand, 48% of respondents (22 staff members) acknowledged that an understanding the costs/benefits of climate change adaptation actions is an enabler for climate change. Other enablers identified were external funding (14 staff members, 30%) and avoiding future unbudgeted costs (12 staff members, 26%). There were also 34 staff members (69%) who acknowledged that specific ongoing resource allocation for climate change projects would be very helpful for in adapting to climate change impacts.

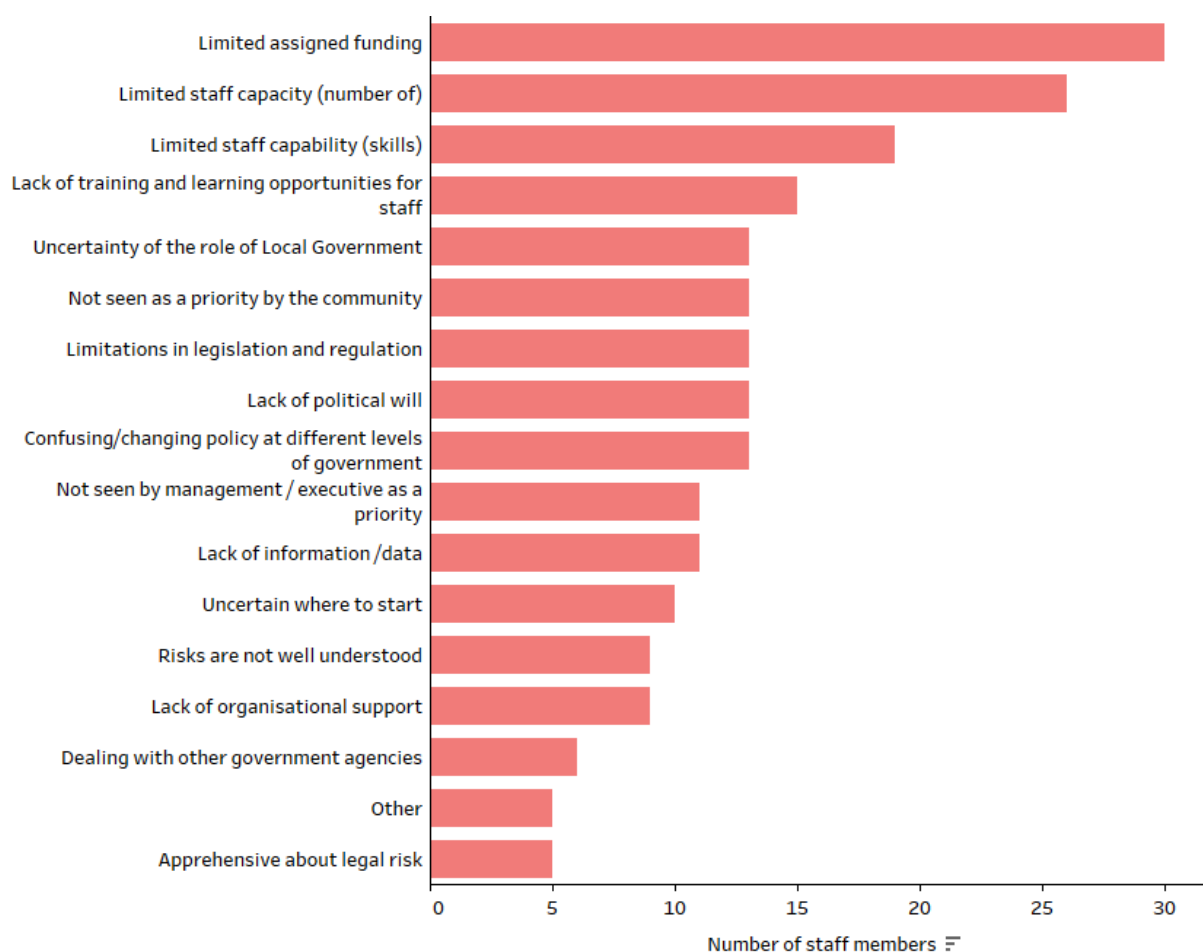


Figure 6: Barriers hindering the City of Holdfast Bay's ability to plan for climate change

Quantitative assessment results

The Project Team reviewed the Annual Business Plan 2021-2022 and the Long Term Financial Plan 2021/22 - 2023/31 for this indicator. There was no mention of climate change or associated keywords in the Long Term Financial Plan. However, the Annual Business Plan provided financial guidance related to climate change and carbon neutral projects. For this reason, the City of Holdfast Bay scored 'Intermediate' for the Financial Management indicator (see Table 8).

Table 8: The City of Holdfast Bay's indicator score for Financial Management

Level (Score)	Indicator Description
No data	No publicly available financial management documents ¹ were found.
None (0)	No consideration of climate change (or associated words) in the financial management documents ¹ .
Basic (1)	General statements about climate change (e.g. in the introduction) OR includes other keywords associated with managing climate change in a general context (e.g. greenhouse gas emissions).
Intermediate (2)	Prescribed responses ¹ / guidance for one climate change issue ¹ (e.g. bushfire) AND/OR one council function ¹ (e.g. land use planning) only.
High (3)	Climate change adaptation is recognised in financial planning (more than one climate change issue AND/OR council function). But the financial management documents do not guide innovative finance or investment policies.
Advanced (4)	Climate change adaptation is well-budgeted for and resources allocated for mainstreaming. Consideration for climate change in investments and/or investment policies etc. is stated. Innovated finance mechanisms may also be encouraged.

¹ See Appendix C for definitions of documents, prescribed responses, climate change issues and council functions

Specific recommendations for quantitative assessment

The Project Team recommend the following as a first step for the City of Holdfast Bay to transition from 'Intermediate' to 'High' in the Financial Management indicator:

To increase the score for this indicator (to 'High') Council should undertake a review of key financial planning documents as soon as possible. As well as having general statements about climate change (e.g. in the introduction) ensure that some recognition of at least two specific risks and/or Council function (e.g. sea level rise and asset depreciation). An example of phrases in financial management plans and/or policies that will support a 'High' score include: "Council recognises that climate change may affect its financial performance and will seek to identify the most suitable means for identifying how climate change may affect financial management" and "Council will explore the financial ramifications that climate change may present on its asset value, depreciation and exposure to increased extreme events" and "Council will explore how climate change may affect the resourcing needs for operations (e.g. employment of a climate change officer, hiring of consultants, trialling innovative engineering measures, etc.)." Implementing this action requires minimal resourcing. However, the effect of financial management issues on other council functions (e.g. assets) are important to consider. For example, understanding whether staff capacity, capability and training needs are a barrier to understanding climate change and its financial implications in your council.

Findings from the face-to-face meetings

During the face-to-face meeting, participants stated that climate change was likely to have a material and financial impact on Council. It was noted that this is likely to present a challenge as the current rateable income does not provide enough of an income stream to respond to all of the climate-related risks. Some staff noted that there was a high level of expectation from the community around levels of service, but very little recognition (or even willingness) to pay to climate-proof that level of service. Staff stated that they do not have any environmental levy that they could apply a climate-related element to.

4.2.4 Indicator 3: Public Risk Disclosure

Justification for this indicator

There is considerable evidence to suggest that climate change will have a material impact on a local government's operations and as such, it would be prudent to assess the consideration of climate change in Council's public risk registers. Currently, there is no regulatory requirement to maintain a public risk register however the *Local Government Act 1999* requires councils to manage their risks. However, Section 48 (aa1) of the *Local Government Act 1999* requires each Council to have prudential management "policies, practices and procedures" that must be applied to all Council projects, not just large ones (Government of South Australia, 2019).

There is increasing pressure for organisations to disclose their climate change related risks (e.g. Carbon Disclosure Project programs – which encourage organisations to publicly disclose climate risks). Over time councils can expect insurers and finance providers, amongst others, to request councils to disclose how they are addressing climate-related risk. Furthermore, the Paris Agreement (which Australia is a signatory to) maintains a strong focus on transparency and disclosure.

This level of transparency helps to inform businesses and the community about the emerging risks and control measures that a council is implementing (or intends to implement). Council should seek advice on which elements of climate change risk can be effectively disclosed.

Quantitative assessment results

The Project Team located a two corporate documents for the Public Risk Disclosure indicator. These are the Corporate Risk Profile Movement 2021 and the Strategic Risk Register 2022.

The Corporate Risk Profile Movement identifies climate change in two of its operational risks. First, Council found there to be a low residual risk in their "inability to implement Carbon Neutral Strategy [which] may result in missed financial opportunities and savings" (City of Holdfast Bay, 2021). Council also identified the "increased severity of storms with rainfall levels above capacity of drainage system [which may result] in localised flooding" to have a medium residual risk.

In the Strategic Risk Register 2022, Council considers 'poor or ineffective management of the impacts of climate change' as an extreme strategic risk. The cause contributing to this risk were found to be:

1. Growing community expectations regarding management of the environment
2. Waste Management. Insufficient effort to divert waste from landfill.
3. Notwithstanding that a 'climate emergency' has been noted by Council, climate change ambiguity in messaging from various levels of government remains, along with responsibility for managing the impacts.

4. Insufficient Finding or other priorities
5. Insufficient support or leadership from Administration (City of Holdfast Bay, 2022).

In the risk register, Council provides the following critical controls to reduce this risk:

- Environment Strategy & Implementation Plan
- Reducing carbon footprint
- Greenhouse gas reduction strategy
- Improving resource efficiency
- Climate change impact assessments
- Improve seawalls, beach/dune management & stormwater controls
- Urban forest strategy (This control needs to reflect an increase in Tree Canopy Cover with the Urban Forest Strategy being the treatment action following the Street tree audit)
- Increase diversion from landfill/improve recycling and green organics capture
- Community preparedness & education
- Effective partnerships/support with State Government to manage climate change impacts (City of Holdfast Bay, 2022)

As a result, the City of Holdfast Bay achieved a 'High' for the Public Risk Disclosure indicator (see Table 9).

Table 9: The City of Holdfast Bay's indicator score for Public Risk Disclosure

Level (Score)	Indicator Description
No data	No publicly available risk register OR risk disclosure documents ¹ were found.
None (0)	No consideration of climate change (or associated keywords) in the public available risk register OR risk disclosure documents.
Basic (1)	General statements about climate change (e.g. in the introduction) OR includes other keywords associated with managing climate change in a general context (e.g. greenhouse gas emissions).
Intermediate (2)	Prescribed responses ² / guidance for one climate change issue ¹ (e.g. bushfire) AND/OR one climate change risk ¹ (e.g. infrastructure risk) only.
High (3)	Detailed inclusion of climate change (more than one climate change issue AND/OR climate change risk), but is limited to responses to direct impacts ¹ of climate change.
Advanced (4)	Climate change is well-considered and includes responses to direct and indirect impacts ¹ .

¹ See Appendix C for definitions of documents, prescribed responses, climate change issues, climate change risks, and direct and indirect impacts

Specific recommendations for quantitative assessment

The Project Team recommend the following as a first step for the City of Holdfast Bay to transition from 'High' to 'Advanced' in the Public Risk Disclosure indicator:

To increase the score for this indicator (to 'Advanced') the risk register should have a very good inclusion of direct and indirect climate change risks to Council and the community it represents. Detailed and well-informed treatment options should be recorded. All the gaps in Council's most recent governance study should be explored and where they are low a quantification of the risks to Council should be expressed. Types of risks that should be recorded include, but are not limited to: insurance availability, service delivery, staff health and wellbeing, rateable income, economic impacts for the community, supply chain risks, OPEX and CAPEX risks for assets, depreciation risks, food and water security, and investment risk. To achieve an 'Advanced' score, Council will require a concerted effort to understand the type of risks and as such, some initial resourcing may be required to improve staff capacity and/or fund technical studies.

Findings from the face-to-face meetings

In the interview, it was noted that climate change is captured in a risk register however the participants were unsure if the level of detail was adequate. Some staff explained that the State-based approach to land use planning was limiting Council's ability to contain / control the exposure of some broader risk issues (e.g. density, building design).

4.2.5 Indicator 4: Asset Management

Justification for this indicator

Local governments have hundreds of millions (and in some cases billions) of dollars invested in assets. Some of the assets that councils maintain, or are likely to install and maintain, have a long life expectancy and as such may be exposed to direct and indirect climate change risks. A failure of asset management consideration generates a potentially unexplored or under-quantified financial risk for local governments. The *Local Government Act 1999* requires local governments to prepare an Infrastructure and Asset Management Plan (s.122)(1a).

In 2013, the Australian Standards released the voluntary standard AS5334-2013 Climate Change Adaptation Standard for Settlements and Infrastructure – a Risk-Based Approach. The fact that this standard has recently been developed signals that organisations are anticipating compliance requirements. Over time government agencies that provide infrastructure funding or co-funding to councils will likely require climate change to be considered in the delivery of projects. How a local government manages assets under climate change will be a key determinant in understanding a settlement's limits to adaptation.

Staff survey results

The online survey found that 59% of participants (29 staff members) believe that assistance to manage the impacts of climate change on local government infrastructure and service provision would be very helpful in adapting to the impacts of climate change.

Quantitative assessment results

The Project Team assessed the following six asset management documents for this indicator:

- Asset Management Policy 2020
- Asset Management Plan - Building 2020

- Asset Management Plan - Open Space & Coastal 2020
- Asset Management Plan - Plant & Equipment 2020
- Asset Management Plan - Stormwater 2020
- Asset Management Plan - Transport 2020

There was no consideration of climate change in either the Asset Management Policy or the Asset Management Plan - Transport. In the asset management plans for both plant & equipment and buildings, Council explains the impact on these assets and provide demand management options in response to climate change. The asset management plans for open space & coastal, and stormwater provided more detailed inclusion of climate change guidance, including a risk treatment plan. For this reason, the City of Holdfast Bay scored 'High' for the Asset Management indicator (see Table 10).

Table 10: The City of Holdfast Bay's indicator score for Asset Management

Level (Score)	Indicator Description
No data	No publicly available asset management documents ¹ were found.
None (0)	No consideration of climate change (or associated keywords) in the asset management documents.
Basic (1)	General statements about climate change (e.g. in the introduction) OR includes other keywords associated with managing climate change in a general context (e.g. greenhouse gas emissions).
Intermediate (2)	Prescribed responses ¹ / guidance for one climate change issue ¹ (e.g. bushfire) AND/OR one council function ¹ (e.g. land use planning) only.
High (3)	Detailed inclusion of climate change, but is limited to two climate change issues (e.g. bushfire) AND/OR two council functions (e.g. land use planning).
Advanced (4)	Climate change is well-considered and includes responses to direct and indirect impacts ¹ .

¹ See Appendix C for definitions of documents, prescribed responses, climate change issues, council functions, and direct and indirect impacts

Specific recommendations for quantitative assessment

The Project Team recommend the following as a first step for the City of Holdfast Bay to transition from 'High' to 'Advanced' in the Asset Management indicator:

To achieve an improvement in this governance score (to 'Advanced') the asset management plan requires a detailed analysis of the exposure of all Council assets. The exposure should quantify the number or extent of the exposure (e.g. kilometres of road exposed to sea level rise inundation) and the value of that exposure. The asset management plan should include specific responses for managing the risks to those assets and the likely timing and resource requirements to implement the adaptation measures. To incorporate this level of consideration, Council will need to allocate resources to undertake detailed risk assessments and cost-benefit analysis of the measures. The asset management plan should align with the level of consideration in financial management planning and vice-versa. An advanced asset management plan is also likely to explore public-private partnership and other collaborative opportunities. It would be extremely beneficial to have a supporting climate change policy that specifies the consistent standards, planning horizons and

thresholds in climate change decision making (e.g. what climate change scenario Council will plan to, and what key performance indicators will be used).

Findings from the face-to-face meetings

The interviews show that Council has been proactive in recognising climate-related risks to their assets. The staff noticed increasing stress on natural assets, although specific climate change fingerprints could not be ruled in or out. Participants also stated that Council considers climate change in asset management where resourcing allowed.

4.2.6 Indicator 5: Land Use Planning

Justification for this indicator

Land use planning can play a critical role in climate change adaptation. Strategic and local planning decisions can increase or decrease the exposure of human settlements to climate change impacts. Climate change is a risk multiplier for local government. The primary risk extends well beyond just sea level rise (which is conventionally exclusively considered) and can include increased riverine and urban flood risk, increased heatwaves, increased bushfire risks and the potential for increased intensity of extreme storm events to name a few. These risks can be minimised by effective land use planning.

South Australia's urban and regional planning system has recently undergone its biggest reform in over 20 years and became operational on the 19th of March 2021. The new planning system is underpinned by the *Planning, Development and Infrastructure Act 2016 (PDI Act)*. All development plans have been revoked and replaced with the Planning and Design Code - a single source of planning policy for assessing development applications (PlanSA, 2021a).

The Governor also issued a proclamation to establish seven Planning Regions for South Australia. These are Greater Adelaide, Eyre and Western, Far North, Kangaroo Island, Limestone Coast, Murray Mallee, and Yorke Peninsula and Mid North. Each region in South Australia has a plan to guide development and fulfil the vision of the State Planning Policies (PlanSA, 2021a). However, the policies and actions outlined in these regional plans provide guidance and direction for planning activities over a broad area rather than at the local government level. Since all council development applications are assessed under the Planning and Design Code, this is the principal planning mechanism that was reviewed for this indicator.

Staff survey results

In the online survey, 22 staff members (45%) believe that statutory planning support is very helpful in adapting to climate change impacts.

Quantitative assessment results

The Project Team assessed the Planning and Design Code 2021 for this indicator. The code includes brief statements of climate change and sea level rise in the desired outcomes of several planning themes. For example, the bushfire hazards overlay (general, medium, high risk) requires that development be designed to take into account the increased frequency and intensity of bushfires as

a result of climate change. The code considers effects of climate change on rainfall and air temperature on development in the Ramsar wetland and water protection areas overlay. Also, the coastal areas and coastal flooding overlays ensure that development “is protected from the standard sea flood risk level and 1m of sea level rise.” (PlanSA, 2021b).

The City of Holdfast Bay has achieved an ‘Intermediate’ for the Land Use Planning indicator (see Table 11) because it is not evident that Council has any further control over land use planning related to climate change than what is in the Planning and Design Code.

Table 11: The City of Holdfast Bay’s indicator score for Land Use Planning

Level (Score)	Indicator Description
No data	No publicly available planning documents was found.
None (0)	No consideration of climate change (or associated keywords) in the planning documents.
Basic (1)	General statements about climate change (e.g. in the introduction) OR includes other keywords associated with managing climate change in a general context (e.g. greenhouse gas emissions).
Intermediate (2)	Brief inclusion of climate change for one or more climate change issue ¹ AND/OR planning theme ¹ . Also includes objectives or desired outcomes for specific climate change considerations. May have some general strategies or suggested responses.
High (3)	Detailed inclusion of climate change for one or more climate change issue AND/OR planning theme (including detailed strategies or suggested responses). May need updating to reflect the most recent IPCC assessment report from the date of publication. May have also considered other planning instruments (e.g. guidelines).
Advanced (4)	A significant consideration is given to climate change. Importantly, the planning document also includes responses to indirect impacts ¹ of climate change. Must also reflect the latest science - most recent IPCC assessment report from the date of publication.

¹ See Appendix C for definitions of prescribed responses, climate change issues, planning theme, and direct and indirect impacts

Specific recommendations for quantitative assessment

The Project Team recommend the following as a first step for the City of Holdfast Bay to transition from ‘Intermediate’ to ‘High’ in the Land Use Planning indicator:

The assessment has found that Council has no further control over land use planning related to climate change than what is in the State-wide Planning and Design Code. Council should communicate with Planning and Land Use Services, through the state Attorney General’s Office about ways in which local governments can better respond to climate change in their local planning decisions. Council should also collaborate with other local governments to engage with the State Government to raise awareness of relevant planning limitations and advocate for improved considerations of climate change in the Planning and Design Code. Relevant issues that should be incorporated into the Code include consideration of climate-related transition and physical issues associated with: the natural environment, built form, land use restrictions, renewable energy, transport planning, tradeable development rights, local climate change and sea level rise modelling etc.

Findings from the face-to-face meetings

In the interviews, participants noted that the new Planning and Development Code limits Council's response to climate change. They stated that they are bound by the regulation but try to identify compromises and educate applicants where they can.

4.2.7 Indicator 6: Emergency Management

Justification for this indicator

There are some important opportunities to drive climate change adaptation decision making through local government emergency management planning. Adapting to the effects of climate change has numerous supporting benefits for emergency management including the implementation of risk planning for disaster mitigation and preparedness, building appropriate response capacity and minimising exposure to reoccurring situations. Consideration of the long-term trends of climate change is fundamental for assessing risks, while still maintaining the ability to respond to unanticipated events and ensuring that emergency management is approached from a planning and mitigation perspective rather than purely as a responsive entity.

Under Section 9 (1e) of the *Emergency Management Act 2004*, the State Emergency Management Plan (SEMP) establishes eleven Zone Emergency Management Committees (ZEMCs) which are responsible for ensuring effective emergency risk management at the zone level. A key role of the ZEMCs is to develop a Zone Emergency Management Plan (ZEMP) to address residual risk and evaluate treatment options (Government of South Australia, 2016). As well as having a ZEMP some councils also have local emergency management plans or business interruption plans. To achieve the 'Advanced' score in this assessment, a council must have a local emergency management plan (or similar) that comprehensively considers climate change.

Staff survey results

The online survey revealed that 21 staff members (43%) believe that the City of Holdfast Bay is 'prepared' for responding to climate change impacts which is slightly more than the 15 staff members (31%) who believe that Council is not prepared (see Figure 7). There are also 13 staff members (27%) who were unsure of Council's level of preparedness for climate change. It should be noted that only one staff member from the Disaster/ Emergency Management department participated in the online survey.

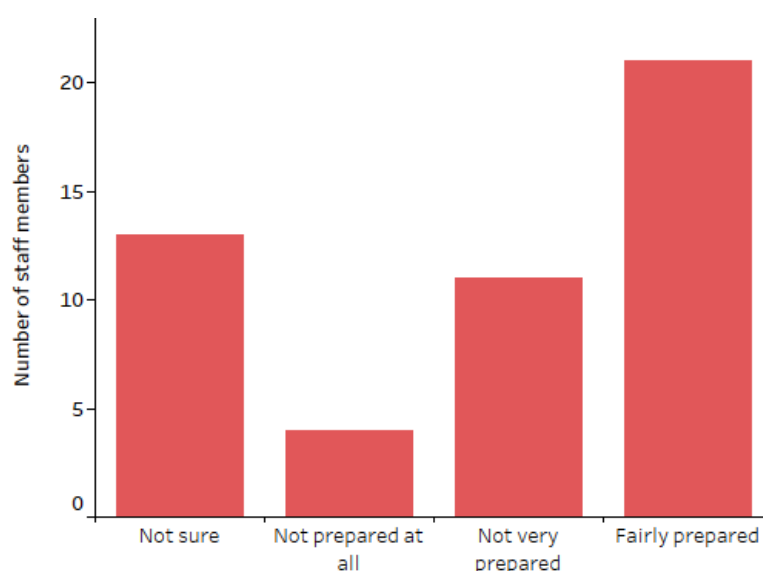


Figure 7: The City of Holdfast Bay's level of preparedness for responding to climate change impacts

Quantitative assessment results

The Project Team assessed two corporate documents for the Emergency Management indicator, the Southern Adelaide Zone Emergency Management Plan 2018 and Council's Heatwave Response Policy 2017. A review found only a single reference to 'sea level rise' in the regional emergency management plan. Furthermore, Council's heatwave policy acknowledged the increase in the frequency and duration of heatwaves events as a result of climate change. For this reason, the City of Holdfast Bay scored 'Basic' for the Emergency Management indicator (see Table 12).

Table 12: The City of Holdfast Bay's indicator score for Emergency Management

Level (Score)	Indicator Description
No data	No publicly available emergency management plan/s was found.
None (0)	No consideration of climate change (or associated keywords) in the emergency management plan/s*.
Basic (1)	General statements about climate change (e.g. in the introduction) OR includes other keywords associated with managing climate change in a general context (e.g. greenhouse gas emissions).
Intermediate (2)	Considers climate change issues ¹ in at least one element of emergency management (e.g. plan for increased heatwaves) in either a council or regional emergency management plan.
High (3)	Considers climate change issues in two or more elements of emergency management (e.g. plan for increased heatwaves) in a council emergency management plan.
Advanced (4)	A council emergency management plan exists and considers climate change issues in all elements of emergency management (e.g. provides climate scenarios, links to international and national leading standards, includes other council climate studies etc).

¹ See Appendix C for definitions of climate change issues

* If a regional document is searched then a localised adjustment is applied for coastal hazards. This may mean that a coastal council may score differently to an inland council for the same regional plan.

Specific recommendations for quantitative assessment

The Project Team recommend the following as a first step for the City of Holdfast Bay to transition from 'Basic' to 'Intermediate' in the Emergency Management indicator:

To increase the score for this indicator (to 'Intermediate') the Council emergency management plan (or similar instrument) must be amended to ensure that climate change is referred to in the introduction and one element of climate change is considered in the plan. An example of phrases in an emergency management plan that will support an 'Intermediate' score includes: "Climate change is likely to exacerbate many of the known disaster risks and affect those already especially vulnerable to natural hazards". Issues that will be relevant are the increased heatwave risk (i.e. present information on the current number of heatwave days for selected locations and then how that may change in 2030 / 2050 etc.). The most cost-effective approach to this would be to glean information from other Councils in South Australia or Australia who have participated in an Informed.City™ climate change adaptation governance assessment and have reasonable scores in the indicators that you need help in improving.

4.2.8 Indicator 7: Greenhouse Gas Emissions Reduction

Justification for this indicator

Climate change mitigation actions are listed as a core governance process for adaptation, as they allow for an exploration and promotion of resilient energy systems and passive solar design that may reduce human health-related issues (e.g. heat stress), as well as considerable energy savings. Furthermore, it is likely that all climate change adaptation will need to occur in a carbon-constrained economy.

Understanding the nexus between the two is an important element of adaptation. Many infrastructure-based adaptation actions (e.g. sea walls) are carbon-intensive and as such local governments will need to consider this in any cost-benefit analysis.

Quantitative assessment results

The Project Team searched for a climate change target in Council's greenhouse gas emissions documents, other core governance documents identified in the quantitative assessment, and on Council's website. Council have clearly stated their climate change target to "become a carbon neutral council by 2030" and to "work towards becoming a carbon neutral community by 2030" (City of Holdfast Bay, 2020). This target is included in and supported by the following four corporate documents:

- Our Holdfast 2050+ - Strategic Plan
- Annual Business Plan 2021-2022
- Environment Strategy 2020-2025
- Climate Ready Holdfast Bay 2020

This sees the City of Holdfast Bay score 'Advanced' for the Greenhouse Gas Emissions Reduction indicator (see Table 13).

Table 13: The City of Holdfast Bay's indicator score for Greenhouse Gas Emissions Reduction

Level (Score)	Indicator Description
No data	No publicly available greenhouse gas emissions documents were found (includes core governance documents).
None (0)	No consideration to reduce greenhouse gas emissions was found in any of the core governance documents OR displayed on Council's website. Council does not have a climate change target.
Basic (1)	A commitment or consideration to reduce GHG emissions is generally mentioned (either in GHG emissions documents, other core governance documents OR displayed on Council's website). Climate change target has been established but not for carbon neutrality.
Intermediate (2)	A net-zero climate change target has been established by or before 2050. No interim climate change targets.
High (3)	A net-zero climate change target has been established by or before 2050. Includes at least one interim target (e.g. X percent reduction in GHG emissions by 2030).
Advanced (4)	A net-zero climate change target has been established by or before 2030.

Specific recommendations for quantitative assessment

The Project Team recommend the following as a first step for the City of Holdfast Bay to maintain an 'Advanced' in the Greenhouse Gas Emissions Reduction indicator:

Council has received an 'Advanced' score for this indicator. Achieving this score sees Council in the top fraction of Australian local governments for this indicator and places it in a position to share its journey with other local governments seeking to improve their consideration of climate change. To ensure that this indicator maintains this level it will be important to monitor any new national and international targets (e.g. bringing forward carbon neutrality date). It will also be important to ensure that Council maintains sufficient staff capacity and resourcing to maintain the score for this indicator.

4.2.9 Indicator 8: Risk Management

Justification for this indicator

The Risk Management indicator assesses the extent to which climate change is embedded into Council's traditional risk management policies or strategies. While complementary, it is different from the information captured in Indicator 3: Public Risk Disclosure by taking a more high-level approach to risk management.

Climate change is a complex issue that will exacerbate existing risks and present new ones. Some direction that mandates how climate change risk is identified and disclosed will greatly improve Council's adaptation planning. If a local government does not know what is at risk and the consequences of those risks, then they are unlikely to implement adaptation actions.

Staff survey results

In the online survey, nine staff members (19%) believe that misunderstood risks are barriers to Council's ability to plan for climate change. Nevertheless, 24% of respondents (11 staff members) recognised that effective risk management practices would better enable the City of Holdfast Bay to plan for climate change.

Quantitative assessment results

The City of Holdfast Bay's website was searched for a risk management policy, strategy and/or plan. Since no publicly available risk management documents were found, the City of Holdfast Bay scored 'No data' for the Risk Management indicator (see Table 14).

Table 14: The City of Holdfast Bay's indicator score for Risk Management

Level (Score)	Indicator Description
No data	No publicly available risk management documents ¹ were found.
None (0)	No consideration of climate change (or associated keywords) in the risk management documents.
Basic (1)	General statements about climate change (e.g. in the introduction) OR includes other keywords associated with managing climate change in a general context (e.g. greenhouse gas emissions).
Intermediate (2)	Prescribed responses ¹ / guidance for one climate change issue ¹ (e.g. bushfire) AND/OR one climate change risk ¹ (e.g. infrastructure risk) only.
High (3)	Detailed inclusion of climate change (more than one climate change issue AND/OR climate change risk), but is limited to responses to direct impacts ¹ of climate change.
Advanced (4)	Climate change issues AND/OR climate change risks should be considered in all risk decision-making. Must include responses to indirect impacts ¹ of climate change.

¹ See Appendix C for definitions of documents, prescribed responses, climate change issues, climate change risks, and direct and indirect impacts

Specific recommendations for quantitative assessment

The Project Team recommend the following as a first step for the City of Holdfast Bay to transition from 'No data' to 'None' in the Risk Management indicator:

No information was available to assess this score. Council should ensure that the relevant reports associated with this indicator are publicly available. Transparency supports community confidence in Council and enables businesses and residents to ascertain the extent of Council decision-making associated with this climate change.

4.2.10 Indicator 9: Adaptation Planning

Justification for this indicator

A Climate Change Adaptation Plan helps council implement a staged process for adapting to climate change. Good practice adaptation plans also identify the actions required for specific risks

and has mechanisms in place to respond to direct and indirect climate change risks. In particular, good practice adaptation planning helps to:

- clarify roles and responsibilities,
- identify prioritised activities and focus areas,
- allocate resourcing,
- identify triggers for action or change/review,
- establish monitoring and evaluation mechanisms, and
- effectively manage any maladaptation risks.

South Australia's Strategic Plan (recently repealed) specified "the development of regional climate change adaptation plans in all State Government regions by 2016" (Government of South Australia, 2012). This was supported by South Australia's adaptation framework, 'Prospering in Changing Climate: A Climate Change Adaptation Framework for South Australia' which:

recognises that climate change and its economic, social and environmental impacts will vary across South Australia and therefore provides for the development of locally relevant adaptation responses across the 12 existing State Government regions. (Government of South Australia, 2012)

Staff survey results

In the online survey, nine staff members acknowledged having trained for climate change adaptation (16% of respondents surveyed). There was some diversity in where staff members received their adaptation training, with it being from other training (5), a consultant (2), university or TAFE subject (1), a university degree in climate adaptation (1), a university certificate in climate adaptation (1), peak body training package (1) and an Enhanced Local Government Service Delivery Course (1). Interestingly, 39% of respondents (19 staff members) believe that case studies in effective adaptation planning, strategies and implementation would be very helpful in adapting to climate change impacts.

Quantitative assessment results

The Project Team assessed three corporate documents for this indicator. These are:

- **Resilient South** Regional Climate Change Adaptation Plan 2014
- Environment Strategy 2020-2025
- Climate Ready Holdfast Bay 2020

The Resilient South Regional Climate Change Adaptation Plan is Council's regional climate change adaptation plan, which aims to provide a coordinated and collaborative response to climate change across the southern Adelaide region. The plan achieves these goals by identifying priority adaptation actions that will respond to the challenges and opportunities presented by a changing climate (Resilient South, 2014). This sees the City of Holdfast Bay achieve an interim score of 'High' for the Adaptation Planning indicator.

The Environment Strategy provides a range of priority actions to assist Council in reducing their carbon emissions from Council operations and the broader community, planning for an urban and natural environment that is resilient to climate change, and supporting community resilience to

climate change. For this reason, Council's Environment Strategy scores 'High' for the Adaptation Planning indicator.

Climate Ready Holdfast Bay document acknowledges Council's current actions towards climate change; however, it does not provide any strategic direction or guidance on how the City of Holdfast Bay will act in the future. As a result, the document scored 'Basic' for this indicator.

The scores above show that City of Holdfast Bay has achieved a 'High' for the Adaptation Planning indicator (see Table 15).

Table 15: The City of Holdfast Bay's indicator score for Adaptation Planning

Level (Score)	Indicator Description
No data	No publicly available climate change adaptation strategy and/or action plan (or similar council-wide strategy/ action plan that drives adaptation planning) were found.
None (0)	No consideration of climate change (or associated keywords) in the climate change adaptation strategy and/or action plan.
Basic (1)	Focussed on one specific climate change issue AND/OR one council function with only summary statements for adaptation provided (not whole of Council).
Intermediate (2)	Summary statements for more than one climate change issue AND/OR council function provided but only for Council activities (not community). Time frames for adaptation actions also allocated.
High (3)	Detailed responses for adaptation actions for both the Council and community. Does not have all the attributes listed in the 'Advanced' score level.
Advanced (4)	A council adaptation strategy and/or action plan exists. It must include ALL of the following: key performance indicators, identified roles and responsibilities, the timing for delivery, linked to governance (mainstreaming), includes information from the community, and other key stakeholders.

¹ See Appendix C for definitions of climate change issues and council functions

* If a regional document is searched then a localised adjustment is applied for coastal hazards. This may mean that a coastal council may score differently to an inland council for the same regional plan.

Specific recommendations for quantitative assessment

The Project Team recommend the following as a first step for the City of Holdfast Bay to transition from 'High' to 'Advanced' in the Adaptation Planning indicator:

This recommendation focusses on the need for a Council climate change adaptation strategy (or similar) as a local instrument (not just regional). A detailed local plan ensures ownership and can better align with internal governance and reporting. Ensure that a comprehensive Council adaptation strategy and/or action plan exists (for Council and the community). As a minimum include all of the following: key performance indicators, identified roles and responsibilities, the timing for delivery, linked to governance (mainstreaming), includes information from the community, and other key stakeholders. There will be an initial outlay of resources required to achieve this level of adaptation planning (e.g. undertake climate change risk assessments, quantify the number of Council assets exposed to risk, cost and prioritise adaptation actions, and assign roles and responsibilities).

Findings from the face-to-face meetings

It was noted that Council is looking at the value of green open space and urban heat impacts, has carried out revegetation for overland flow managements and has explored adaptation for sea-level rise related issues. Council has also incorporated sea level rise into its stormwater modelling.

4.2.11 Indicator 10: Climate Change Policy

Justification for this indicator

An internal climate change policy (or corporate standard) allows the organisation to place a climate change lens over all of a council's activities and use the existing system to drive adaptation. It can allow for the consistent application of standards, agreed use of information sources and specific triggers for change. Staff members in local government have a range of viewpoints regarding the existence of climate change. Adopting a formal policy places limitations on the extent that personal viewpoints affect the professional judgments of people who may be sceptical or deny the existence of climate change.

A formal policy can also drive concerted action for staff members who are complacent regarding the effects of climate change. There is evidence to suggest that the creation of a policy has helped other local governments to affect change. This has been an effective trigger for change in other local government' such as Kingborough Council (TAS), Mackay Regional Council (QLD) and Whitsunday Regional Council (QLD).

Staff survey results

The survey shows that 30 staff members (61%) believe that internal policies which direct action on climate change (e.g. a climate change policy) are very helpful in adapting to climate change impacts.

Quantitative assessment results

The Project Team searched the City of Holdfast Bay's website for a climate change policy (which includes adaptation) and/or an environment/sustainability policy, however, no relevant policies were found. Whilst no formal policy exists Council declared a Climate Emergency Declaration on the 28th of October 2019. This sees the City of Holdfast Bay score 'Basic' for the Climate Change Policy indicator (see Table 16).

Table 16: The City of Holdfast Bay's indicator score for Climate Change Policy

Level (Score)	Indicator Description
No data	No publicly available (council endorsed) climate change policy was found. This includes an environment/ sustainability policy.
None (0)	No consideration of climate change (or associated keywords) in the climate change policy OR environment/ sustainability policy.
Basic (1)	Climate change is considered in either a climate change policy OR environment/ sustainability policy. There are prescribed responses/ guidance for one climate change issue ¹ (e.g. bushfire) AND/OR one council function ¹ (e.g. land use planning) only.
Intermediate (2)	Climate change is considered in either a climate change policy OR environment/ sustainability policy. Detailed inclusion of climate change, but is limited to two climate change issues (e.g. bushfire) AND/OR two council functions (e.g. land use planning).
High (3)	A specific climate change policy exists and considers numerous climate change issues. Must also reflect the latest science - most recent IPCC assessment report from the date of publication. Does not have all the attributes listed in the 'Advanced' score level.
Advanced (4)	A comprehensive climate change policy exists. It must include ALL of the following: key performance indicators, identified roles and responsibilities, the timing for delivery, linked to governance (mainstreaming), community and/or stakeholder engagement.

¹ See Appendix C for definitions of prescribed responses, climate change issues and council functions

Specific recommendations for quantitative assessment

The Project Team recommend the following as a first step for the City of Holdfast Bay to transition from 'Basic' to 'Intermediate' in the Climate Change Policy indicator:

A climate change policy will help ensure Council's method for adapting to climate change is consistent and robust. If Council is to implement a climate change policy, then it should include all of the following: specific IPCC climate change scenarios it is aligning to (preferably RCP8.5 as a minimum), identified roles and responsibilities, timing for delivery, triggers for review (e.g. within 6 months of each IPCC assessment report), activities for improving governance scores, (mainstreaming), and commitment to community and/or stakeholder engagement. The most cost-effective approach to this would be to glean information from other councils in South Australia or Australia who have participated in an Informed.City™ climate change adaptation governance assessment and have an advanced climate change policy.

Findings from the face-to-face meetings

Some participants at the interviews stated that a climate change policy (or something similar) would likely assist in the implementation of responses to climate change.

4.3 Results and Recommendations for Qualitative Assessment

The results for the qualitative assessment focus on the seven indicators that are identified as key drivers for implementing climate change adaptation governance. The analysis of each indicator will discuss the importance of the indicator, staff survey results, qualitative assessment results, and specific recommendations.

4.3.1 Indicator 11: Climate Risk Assessments

Justification for this indicator

Climate change risk assessments provide organisations with the critical information they need to understand the impacts that climate change may present. Risk assessments take many forms, although in Australia most of them tend to follow the ISO Risk Assessment Framework AS31000.

Understanding specific risks is a complex task, and undertaking detailed risk assessments can be expensive, time-consuming and involve numerous experts and stakeholders. Because of these limitations, many local governments have opted for scoping or high-level risk assessments. Scoping risk assessments involve a smaller number of climate change scenarios and local governments are usually focussed on Council's corporate risks (as opposed to also understanding environmental, social and economic risks).

Although scoping assessments are always useful for quickly identifying general risks and areas that require further investigation, their ability to accurately reflect the level of risk is limited by the investment in time and resources that go into them.

Staff survey results

In the online survey, respondents were asked if their department uses climate change risk assessments to inform decision making (see Figure 8). The results indicate that nearly half of the staff members do not use climate change risk assessments (22 staff members). Also, six staff members (12%) identified using risk assessments only sometimes and another six staff members (12%) stated that their department uses climate change risk assessments regularly. Interestingly, there are 27 staff members (55%) who believe that guidance on risk assessment and reducing risk exposure for councils would be very helpful in adapting to climate change impacts.

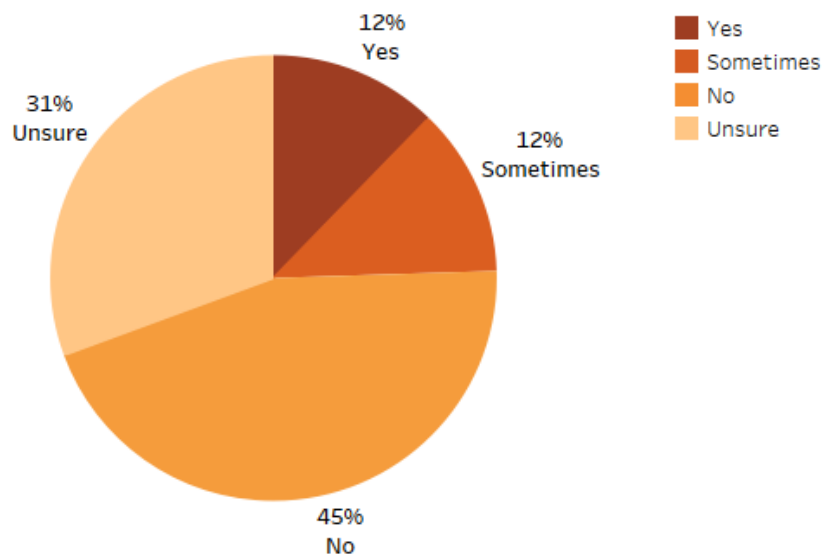


Figure 8: Use of climate change risk assessments in the City of Holdfast Bay departments

Qualitative assessment results

The interview participants noted a broad array of climate-related risks, mostly associated with physical risk. These included:

- Sea level rise leading to an increased chance coastal erosion and inundation of coastal properties
- Increased maintenance costs on roads and other infrastructure
- Increased risk to tree health, increased likelihood of trees dying
- Increased heat-related risks (for staff, community and infrastructure)

Also, a few staff members stated that climate change was considered in decision-making. However, this is not reflected in the survey results, which shows that 45% of respondents do not use climate change risk assessments to inform decision making.

Specific recommendations of the qualitative assessment

- 11.1 Carry out a detailed climate change risk assessment that explores (and quantifies) transition and physical risk.
- 11.2 Consider the development of integrated climate change scenarios to tease out transition risk and identify how climate change may affect Council's ability to implement its strategy.
- 11.3 Identify the process by which climate risk assessment results can feed into the Strategic Risk Register.

4.3.2 Indicator 12: Climate Legal Risk

Justification for this indicator

Climate change is emerging more and more as a climate legal risk problem that governments, organisations and the community are attempting to understand, avoid and manage. The nature of climate legal risk for local governments is a minefield that can manifest itself in many ways.

There has been a marked increase in legislation associated with managing climate change, - especially in coastal regions (e.g. sea-level rise and land use planning). How a Council interprets new regulations can become a point of conflict, especially if there is the potential for legislation to affect the value of property or the rights to development.

The climate legal risk facing local governments is not just limited to land use planning decisions. The ramifications of ignoring climate legal risk can include:

- Risk of increased planning challenges and negligence. (Baker-Jones, Burton, Bell, & Chang Seng, 2013)
- Risk of criminal negligence if a person is harmed due to a council's action (or inaction).
- Risk of unplanned financial expenditure defending legal challenges. There is anecdotal evidence of councils in Australia spending millions of dollars on single lawsuits.
- Risks associated with releasing or withholding information about projected climate change risks. (Productivity Commission, 2012)

All the above have the potential to have a considerable negative impact on a council's financial sustainability. There is the very real potential that just one lawsuit could erode a council's financial resilience.

Staff survey results

In the online survey, five staff members (10%) stated that they see apprehension about legal risk as a barrier to implementation of climate change adaptation actions (e.g. legal risk associated with undertaking climate change adaptation). On the other hand, staff members acknowledged that a better understanding of the legal risks would help to incorporate climate change in their work, with respondents identifying 'duty of care responsibilities' (14 staff members, 30%) and 'resolved liability concerns' (7 staff members, 15%) as enablers to climate change adaptation.

Qualitative assessment results

In the interviews, participants stated that they were not aware of any historical or current climate-related legal actions.

Specific recommendations of the qualitative assessment

- 12.1 Identify priority areas for climate legal risk advice, especially about the relative role of Council compared to residents, businesses, and the State Government.
- 12.2 Ensure that legal risks associated with climate change are included in the risk register, until well managed.

4.3.3 Indicator 13: Staff Capacity and Resource Allocation

Justification for this indicator

Monitoring Council's resource and staffing commitment to climate change is critical to supporting ongoing climate change adaptation. If a council only relies on external consultants for adaptation research and responses, then it is doing very little to support the improved internal adaptive capacity of its organisation. Furthermore, without a permanent adequate annual budget, a council will only be able to undertake adaptation actions in an ad hoc manner. The overarching goal for adaptation should be to mainstream consideration of climate change across all council activities.

Staff survey results

In the online survey, 26 staff members (54%) identified limited staff capacity (number of staff) as a barrier to the implementation of climate change adaptation actions. Other barriers identified include staff capability – skills, and lack of training and learning opportunities for staff (19 staff members each, 40%).

On the other hand, assigned staff responsibilities were recognised as an enabler of climate change adaptation action by 18 staff members (39%). Respondents also identified other enablers including training opportunities (16 staff members, 35%), staff champions (15 staff members, 33%), and peer-to-peer learning (11 staff members, 24%). There are also 43% of respondents (21 staff members) who believe that capacity building is very helpful in adapting to climate change impacts.

Qualitative assessment results

It was noted that staff receive a climate change awareness session when they are inducted as new employees, although this mainly centres on the projects that Council are implementing. Some participants stated that budget constraints were an ongoing issue when responding to climate change. They explained that, at times, there was a need to justify costs to residents as it was unlikely that the community would agree to rate adjustments for climate-related purposes.

Council staff also believed that if there was a training need it was likely that they would receive resources to meet that requirement.

Specific recommendations of the qualitative assessment

- 13.2 Develop a capacity-building program to continue to raise staff awareness about climate change impacts and how they can be managed within different Council functions. This should be an ongoing program similar to how workplace health and safety training is conducted across the organisation.

4.3.4 Indicator 14: Community/ Stakeholder Engagement

Justification for this indicator

Connecting to the community is a core component for developing a safer, more resilient community. It is the local community who will bear the brunt of climate change impacts as they directly or indirectly contribute towards adaptation efforts (e.g. through increased insurance costs, taxes, and voluntary community actions). Given the fact that climate change is a contentious issue

and one that is open to misinterpretation and misinformation, there is a strong imperative for Council to ensure that the community is appropriately informed of the issue.

As well as being informed, it is also essential that the community become active participants in the climate change adaptation process. According to Gardner et al. (2009), there are several considerable benefits associated with actively including the wider community in the decision-making process. These include:

- Facilitating clear communication and exchange of information, with all parties involved developing a more thorough understanding of issues, potential solutions and alternative perspectives.
- Improving the effectiveness of decision-making processes, by gaining better insight into potential equitable outcomes, solutions to conflicts and effective planning.
- Strengthening the resources of involved groups, by increasing awareness, confidence, skills and co-operation.
- Improving the sustainability of any initiatives, by increasing the quality of decisions and their acceptance amongst stakeholders. (Gardner, Dowd, Mason, & Ashworth, 2009)

Councils need to commence a dialogue with the private sector and better understand how businesses and local governments can learn from each other's understanding of the risks and approaches to adaptation.

Staff survey results

In the online survey, 13 staff members (37%) agreed that climate change not being seen as a priority for the community is a barrier to the implementation of climate change adaptation actions. The results also highlighted the importance of the local community – with 54% of respondents (25 staff members) stating that having an active and engaged community is a core enabler for improving Council's ability to plan for climate change. When asked about the helpfulness of adaptation tools, 29 staff members (59%) believe that education and community engagement tools and strategies would be very helpful in adapting to climate change impacts.

Qualitative assessment results

Some participants stated that there is a gap in community knowledge and that a community engagement program around climate change is probably warranted.

Specific recommendations of the qualitative assessment

- 14.1 Develop a Climate Change Stakeholder Engagement Strategy, which identifies engagement objectives, target audiences, engagement channels, a schedule of activities, and KPIs. This should include issue-specific engagement (e.g. heatwave risks) as well as general awareness-raising.

4.3.5 Indicator 15: Institutional/ Intergovernmental Relationships

Justification for this indicator

Climate change is a trans-boundary issue. Adaptation action (or inaction) by one stakeholder can both improve and erode the resilience of another. Furthermore, economies of scale and collectively sharing knowledge can improve adaptation governance. The actions by a range of organisations have the potential to affect councils' resilience. An important part of the institutional arrangements and engagement with external stakeholders is the clarification of roles and responsibilities that are associated with climate change adaptation.

Staff survey results

In the online survey, participants identified both the 'uncertainty in the role of local government' and 'confusing/ changing policy at different levels of government' as barriers hindering Council's ability to plan for climate change (13 staff members each, 27%). Interestingly, 29 staff members (63%) from the City of Holdfast Bay identified senior management support as a core enabler contributing to Council's ability to plan for climate change - which ranked first in the collection of enablers assessed (see Figure 9). Respondents also identified Mayor/ councillor leadership (27 staff members, 59%), State Government support (20 staff members, 43%) and regional coordination (11 staff members, 24%) as enablers to the implementation of climate change adaptation actions. The results show that 61% of participants (30 staff members) believe 'coordination of the State Government effort to adapt to climate change' is very helpful in adapting to climate change impacts.

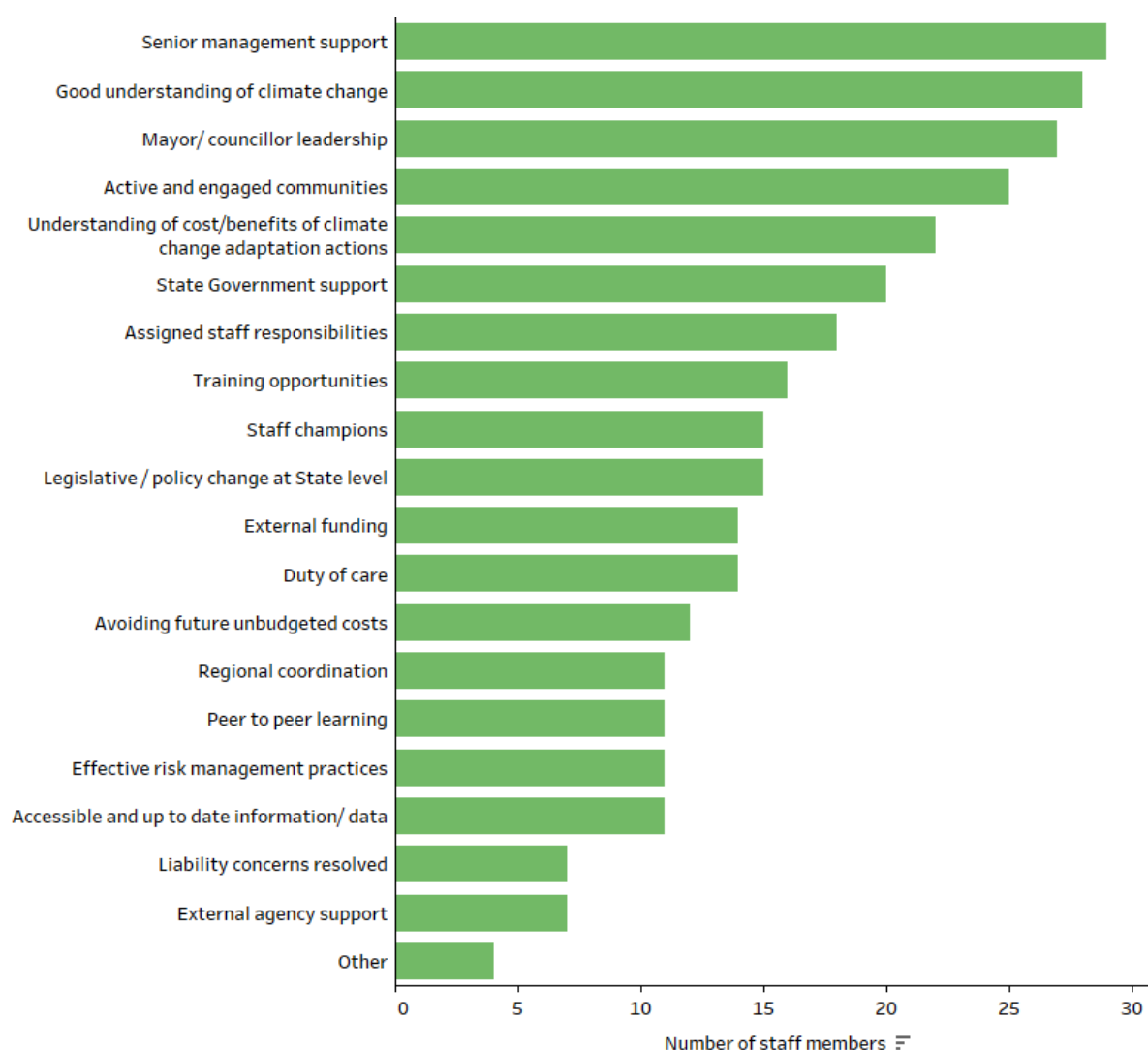


Figure 9: Enablers contributing to the City of Holdfast Bay's ability to plan for climate change

Qualitative assessment results

Some of the participants stated that they collaborate on climate change projects where possible. This is especially so in regard to Resilient South, where they have carried out a number of joint initiatives.

Specific recommendations of the qualitative assessment

- 15.1 Seek to clarify the role of Council as compared with the State Government about managing climate risk.
- 15.2 Work with banks to better understand broader market risk and how they are considering the effects of climate change. It would be in the Council's interest to know how banks identify risk and what they see determines resilience at a local level. This may help the City of Holdfast Bay understand the risk to rateable income due to property value risk. Where possible the City of Holdfast Bay should identify opportunities to incorporate risk definitions used by the banking sector into its risk management approach.

4.3.6 Indicator 16: Climate Change Information

Justification for this indicator

Understanding the impacts of climate change requires access to climate change information. While institutions such as Commonwealth Scientific and Industrial Research Organisation (CSIRO) and universities freely provide valuable publications on climate change risk and adaptation, obtaining climate change projections (e.g. from climate change models) is often a time consuming and expensive task, or one that can misalign with Council's timing needs. Council can obtain relevant climate change information from several sources including government databases, university/institutional relationships, desktop research, consultants and software (SimCLIM).

Understanding the information that goes into climate change models greatly helps the user understand the uncertainty associated with the climate modelling process. The differing greenhouse gas emissions scenarios, models chosen, downscaling and climate sensitivity can all yield differing results. This has the potential to confuse end-users at best and at worst lead to poorly informed decision making.

Staff survey results

The results also show that the City of Holdfast Bay staff members recognise the role information can play as barriers and enablers to implementation of climate change adaptation actions. There were 11 staff members (24%) who identified a lack of information/data as a barrier to climate change adaptation actions and 11 staff members (24%) who considered access to accessible and up-to-date information/data as an enabler. This supports respondents' preference of support tools for adapting to climate change impacts since 69% of respondents (34 staff members) believe that the provision of consistent, high-quality information, knowledge and tools about climate change is very helpful in adapting to climate change impacts. Similarly, localised climate data and information was found to be very helpful for 31 staff members (63%).

Respondents of the online survey identified the internet, traditional media, and social media as being the top three information sources commonly used by staff members to understand climate change impacts (see Figure 10). There are also a range of other information sources which Council staff members use including State Government, peak body associations, and someone else in council. It should be noted that 11 staff members (23%) acknowledged that they do not look for information about climate change.

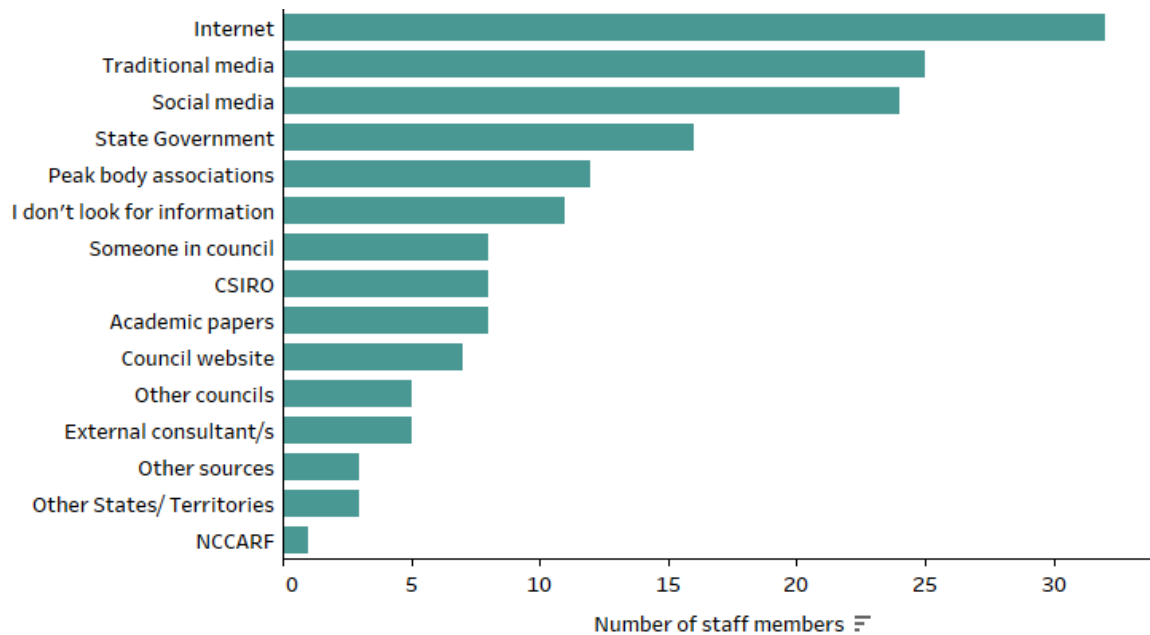


Figure 10: Information sources commonly used by the City of Holdfast Bay staff members to understand climate change impacts

Staff members were also asked what types of information would help them to better incorporate climate change into their job. The two most popular responses were 'knowing what to actually do' (29 staff members, 59%) and accessing 'local climate projections / forecasts' (25 staff members, 51%). There were also 22 staff members (45%) who agreed that both 'understanding what other councils are doing' and 'knowing who to turn to for help' would help in the implementation of climate change actions (see Table 17).

Table 17: Types of information which would help the City of Holdfast Bay staff members incorporate climate change into job

	Number of staff members	% of staff members
Knowing what to actually do	29	59%
Local climate projections / forecasts	25	51%
Understanding what other councils are doing	22	45%
Knowing who to turn to for help	22	45%
The anticipated impacts for my department	20	41%
Knowing when we should start implementing adaptation actions	19	39%
Knowing who should be managing the issue in council	18	37%
Understanding the regulatory requirements	16	33%
Knowing which level of government should be responsible for action	15	31%
Regional climate projections / forecasts	13	27%
Understanding legal implications	11	22%
Understanding potential trade-offs	10	20%
Not sure	7	14%
Other	3	6%
None	3	6%

Qualitative assessment results

The staff at the workshops noted that they obtain their information from a range of sources. These include IPWEA for roads and other infrastructure, and CSIRO.

Specific recommendations of the qualitative assessment

- 16.1 Develop a register of information requirements needed to inform key decisions that will be impacted by climate change to identify where information gaps exist. This should be done as part of implementing a monitoring and evaluation plan and directed by a Climate Change Policy.

4.3.7 Indicator 17: Information Systems

Justification for this indicator

As the information technology age continues to shape our society it comes as no surprise to see that information services are playing an increasing role in supporting council operations and providing a new interface with the community it serves.

Information communication technology (ICT) networks such as social media platforms, websites and information portals have the potential to contribute significantly to Council's climate change adaptation ambitions. For example, ICT systems can be used for the monitoring and control of critical infrastructure and assets. According to a research report by Arup et al. (2013), 'improved monitoring and control capabilities for all infrastructure can enhance resilience by providing detailed and rapid information to utility managers and city leaders regarding operating conditions and performance'.

Furthermore, during extreme events, the ICT network are emerging as a natural agglomeration for concerned community members seeking information when disaster strikes. For example, Brisbane City Council maintains a social media hub (based on the social media aggregationsite Stackla). This site became a main focal point for community engagement with Brisbane City Council and between residents who were able to upload information about the risks in real-time (Stackla, 2013).

Managing social media, however, requires constant attention as poor management of social media during extreme events can also cause confusion and do more harm than good.

Qualitative assessment results

Council's website was analysed for climate change and its integration with other information systems. The website includes working connections to three social media platforms including Facebook, Twitter and YouTube. On their website, Council explains the aim of their Environment Strategy is to mitigate the risks and impacts of climate change and future sea-level rises.

The City of Holdfast Bay has a Facebook account with over 11,000 people following the page (as of June 2022). Council has also been a member of Twitter for 11 years and 5 months (joined in January 2011) and in that time have gained 3,983 followers. There is a consideration of climate change in Council's posts which are focussed community engagement through workshops, surveys and events discussing IPCC. Council also used social media to bring awareness to the Resilient South partnership and their Climate Emergency Declaration. These results show that the City of Holdfast

Bay has been successfully communicating with the community about climate change issues for a number of years.

Specific recommendations of the qualitative assessment

- 17.1 Utilise Council's Smart City framework to collate and analyse risk information and explore the potential role of GigCity as a platform for improved information systems.
- 17.2 Sponsor GovHacks and local hackathons with the focus being solely on climate change adaptation.
- 17.3 Provide an annual publication of data collected in Council's accounting system on post extreme event/disaster clean-up costs/resource use. This will assist with communicating impacts to the community over time.

5 Conclusions

The City of Holdfast Bay has an excellent coverage of climate change in its governance mechanisms and overall has achieved a well above-average score in the quantitative climate change governance assessment. Council received a score in nine out of the ten governance indicators. This is an outstanding achievement as very few Australian local governments have achieved this.

Council has achieved an 'Advanced' score for its commitment to reduce emissions, with its net zero target. Council's commitment to recognising and disclosing its risks is evident via the 'High' score for the Public Risk Disclosure indicator. Council also achieved a 'High' score for the Strategic Planning, Asset Management and Adaptation Planning indicators and were awarded an 'Intermediate' score for two other indicators (Financial Management and Land Use Planning). The City of Holdfast Bay also scored 'Basic' score for Emergency Management and Climate Change Policy. It is worth highlighting that Council received a 'None' score for Risk Management (which is the indicator that looks at the formal risk management system).

At the time of this assessment, the City of Holdfast Bay is currently ranked third of the 341 Australian local governments assessed in the methodology.

The key climate-related risks identified during the interviews were predominantly physical. These include risks associated with heatwaves and sea level rise. Council staff had a strong recognition that, if not managed effectively, climate change has the potential to pose a significant financial strain on the organisation.

While some specific recommendations are presented in the report, the key issues are associated with the need to formally quantify climate change risks and improve the incorporation of the issue into the risk management framework and financial planning mechanisms.

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7 Appendices

Appendix A: Questionnaire from staff governance survey

Introduction

The City of Holdfast Bay are participating in a climate change governance assessment. This will help councils determine how they best respond to, or adapt, to climate change and manage current and future climate risks.

As part of the project we have prepared a very short (7 minutes max) survey, open to all staff. By agreeing to participate in the survey we will be able to generate more results that are tailored specifically for your Council and your department. The survey is anonymous.

Thanks for your time and if you have any questions please contact me directly on the details below.

Kindest regards,

Donovan Burton

donovan@climateplanning.com.au

Respondent Information

1. Which of the following best fits with YOUR department / job description? (multiple answers can be checked)

- | | |
|---|--|
| <input type="checkbox"/> Corporate Governance / Office of the CEO | <input type="checkbox"/> Water and Waste |
| <input type="checkbox"/> Customer Service | <input type="checkbox"/> Works |
| <input type="checkbox"/> Workplace Health and Safety | <input type="checkbox"/> Environment / Sustainability |
| <input type="checkbox"/> Human Resources | <input type="checkbox"/> Disaster / Emergency Management |
| <input type="checkbox"/> Finance | <input type="checkbox"/> Community and Recreation |
| <input type="checkbox"/> Assets | <input type="checkbox"/> Arts & Heritage |
| <input type="checkbox"/> Information Technology (IT) Services | <input type="checkbox"/> Fleet |
| <input type="checkbox"/> Geographic Information Systems (GIS) | <input type="checkbox"/> Procurement |
| <input type="checkbox"/> Communications, Media and Marketing | <input type="checkbox"/> Casual (no specific department) |
| <input type="checkbox"/> Planning and Development | <input type="checkbox"/> Other (please specify) |
| <input type="checkbox"/> Engineering / Infrastructure | _____ |

2. Please rate YOUR understanding of climate change impacts and adaptation for your department/ job description (only one answer can be checked)

- ☐ I am not sure of my understanding
- ☐ I have no understanding
- ☐ My understanding is limited (I would need some support incorporating climate change adaptation into my tasks)
- ☐ I could comfortably incorporate/ consider climate change adaptation into any of my tasks

Climate Change Adaptation in your Department

3. How serious an issue do YOU think climate change is for your department? (only one answer can be checked)

- ☐ Unsure
- ☐ No issue
- ☐ Minor issue
- ☐ Somewhat - but not urgent
- ☐ Important issue that needs attention now

4. Does YOUR department use climate change risk assessments to inform decision making? (only one answer can be checked)

- ☐ Yes
- ☐ Sometimes
- ☐ No
- ☐ Unsure

Climate Change Adaptation in your Council

5. In YOUR opinion, what is your council's level of preparedness for responding to climate change impacts? (only one answer can be checked)

- ☐ Not sure
- ☐ Not prepared at all
- ☐ Not very prepared
- ☐ Fairly prepared
- ☐ Very prepared

6. When do YOU think climate change will impact your council's operations and procedures? (only one answer can be checked)

- ☐ Now - It has already had an impact
- ☐ Short term - In the next year
- ☐ Medium term - Within 15 years
- ☐ Long term - by 2050
- ☐ Very long term - by 2070 - 2100
- ☐ Never
- ☐ Not sure

Barriers to Council Adaptation

7. In your opinion, which of these BARRIERS currently hinder your council's ability to plan for climate change? (multiple answers can be checked)

- | | |
|--|--|
| <input type="checkbox"/> Limited assigned funding | <input type="checkbox"/> Lack of information /data |
| <input type="checkbox"/> Limited staff capacity (number of) | <input type="checkbox"/> Uncertain where to start |
| <input type="checkbox"/> Limited staff capability (skills) | <input type="checkbox"/> Dealing with other government agencies |
| <input type="checkbox"/> Confusing/changing policy at different levels of government | <input type="checkbox"/> Apprehensive about legal risk |
| <input type="checkbox"/> Lack of political will | <input type="checkbox"/> Lack of training and learning opportunities for staff |
| <input type="checkbox"/> Not seen as a priority by the community | <input type="checkbox"/> Not seen by management / executive as a priority |
| <input type="checkbox"/> Limitations in legislation and regulation | <input type="checkbox"/> Risks are not well understood |
| <input type="checkbox"/> Uncertainty of the role of Local Government | <input type="checkbox"/> Other (please specify) |
| <input type="checkbox"/> Lack of organisational support | _____ |

8. In your opinion, which of these ENABLERS contribute to your council's ability to plan for climate change? (multiple answers can be checked)

- | | |
|--|--|
| <input type="checkbox"/> Senior management support | <input type="checkbox"/> External agency support |
| <input type="checkbox"/> Understanding of cost/benefits of climate change adaptation actions | <input type="checkbox"/> Peer to peer learning (e.g. through Greenhouse Alliance and other networks) |
| <input type="checkbox"/> Active and engaged communities | <input type="checkbox"/> Training opportunities |
| <input type="checkbox"/> Mayor/ councillor leadership | <input type="checkbox"/> Effective risk management practices |
| <input type="checkbox"/> External funding | <input type="checkbox"/> Good understanding of climate change |
| <input type="checkbox"/> Assigned staff responsibilities | <input type="checkbox"/> Accessible and up to date information/ data |
| <input type="checkbox"/> Duty of care | <input type="checkbox"/> Legislative / policy change at State level |
| <input type="checkbox"/> Avoiding future unbudgeted costs | <input type="checkbox"/> State Government support |
| <input type="checkbox"/> Regional coordination | <input type="checkbox"/> Other (please specify) |
| <input type="checkbox"/> Liability concerns resolved | _____ |
| <input type="checkbox"/> Staff champions | |

Level of Climate Change Adaptation Support

9. How HELPFUL are the following types of support in adapting to climate change impacts?

	Not helpful	Fairly helpful	Very helpful	Not sure
Provision of consistent, high quality information, knowledge and tools about climate change	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Guidance on risk assessment and reducing risk exposure for councils	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Localised climate data and information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Internal policies that direct action on climate change (e.g. a climate change policy)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Specific ongoing resource allocation for climate change projects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
State government statutory planning support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capacity building	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Case studies in effective adaptation planning, strategies and implementation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coordination with the South Australian Government effort to adapt to climate change	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Non-statutory planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Education and community engagement tools and strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public statements of leadership and action from the State Government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A climate change bridging organisation (e.g. A coordinating body for research, training, networking, guidelines etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Sourcing Climate Change Information

10. Where do YOU get your information about climate change impacts? (multiple answers can be checked)

- | | |
|--|---|
| <input type="checkbox"/> I don't look for information | <input type="checkbox"/> Other councils |
| <input type="checkbox"/> Academic papers | <input type="checkbox"/> External consultant/s |
| <input type="checkbox"/> Traditional media (e.g. newspapers, news) | <input type="checkbox"/> Peak body associations |
| <input type="checkbox"/> Social media (e.g. Facebook, Twitter, LinkedIn) | <input type="checkbox"/> NCCARF |
| <input type="checkbox"/> Internet | <input type="checkbox"/> CSIRO |
| <input type="checkbox"/> Council website | <input type="checkbox"/> State Government |
| <input type="checkbox"/> Someone in council | <input type="checkbox"/> Other States / Territories |
| | <input type="checkbox"/> Other (please specify) |

11. What type of information about climate change impacts would help YOU incorporate climate change into your job? (multiple answers can be checked)

- ☐ None
- ☐ Not sure
- ☐ Local climate projections / forecasts
- ☐ Regional climate projections / forecasts
- ☐ The anticipated impacts for my department
- ☐ Knowing when we should start implementing adaptation actions
- ☐ Knowing what to actually do
- ☐ Knowing who should be managing the issue in council
- ☐ Understanding legal implications
- ☐ Understanding the regulatory requirements
- ☐ Knowing which level of government should be responsible for action
- ☐ Understanding potential trade-offs
- ☐ Knowing who to turn to for help
- ☐ Understanding what other councils are doing
- ☐ Other (please specify)

Climate Change Adaptation Training

12. Have YOU had any training for climate change adaptation? (multiple answers can be checked)

- ☐ None
- ☐ Yes - a university or TAFE subject
- ☐ Yes - a university Degree / Masters / PhD in climate adaptation
- ☐ Yes - a university diploma / certificate in climate adaptation
- ☐ Yes - from a peak body training package (e.g. Planning Institute of Australia or Engineers Australia)
- ☐ Yes - from a consultant
- ☐ Yes - from the Enhanced Local Government Service Delivery Course (Australian Centre for Excellence in Local Government)
- ☐ Other (please specify)

Questions

13. Are there any other comments you would like to make about adapting to climate change in your council?

14. Would you like to be kept informed about the progress and outcomes of this project?

- ☐ No
- ☐ Yes (please type your email address)

Appendix B: List of keywords used for quantitative assessment

Theme	Definition/ Keywords
Climate change	Council documents were searched for keywords associated with climate change. These keywords include 'climate change', 'global warming' and 'climate variability'.
Sea level rise*	Council documents were searched for keywords associated with sea level rise. These keywords include 'sea level rise' and 'sea level change'.
Adaptation	Council documents were searched for keywords associated with adaptation. These keywords include 'adapt', 'adaptation', 'adaptive' and 'adaptability'.
Greenhouse gas emissions	Council documents were searched for keywords associated with greenhouse gas emissions. These keywords include 'greenhouse gas', 'GHG', 'carbon emission', 'carbon footprint', 'carbon neutral', 'carbon neutrality', and 'net zero'.

* only relevant for coastal councils

Appendix C: Key terminology used in the quantitative assessment

Terminology	Definition
Climate change adaptation issues	Issues related to climate change adaptation. They include the following: natural disasters, extreme weather, rainfall, heatwaves, sea level rise, bush fire, flooding, cyclones, storms, storm tide, erosion, drought, earthquake and landslide. These are only issues if they are specifically in the context of climate change (e.g. increased extreme rainfall intensity). This list only represents some of the climate change adaptation issues that can arise and is for indicative purposes only.
Climate change mitigation issues	Issues related to climate change mitigation. Examples of these may include emissions reduction, greenhouse gas emissions, carbon footprint, carbon emissions, carbon neutral, carbon neutrality, carbon sequestration, carbon dioxide (CO ₂), carbon dioxide equivalent (CDE), CO ₂ e, CO ₂ eq, carbon capture and storage (CCS), energy efficiency, net zero, carbon credits, carbon price, carbon tax, Emissions Trading Scheme (ETS), Carbon Pollution Reduction Scheme (CPRS), Renewable Energy Target (RET), Representative Concentration Pathways (RCP), Emissions Reduction Unit (ERU). This list only represents some of the climate change mitigation issues that can arise and is for indicative purposes only.
Climate change risks	Types of risks associated with climate change. Examples of these may include infrastructure risk, policy risk, market and competitiveness risk, climate legal risk, environmental risk, community risk, political risk, economic risk, financial risk, insurance risk. This list only represents some of the climate change risks that can arise and is for indicative purposes only.
Direct impacts (From acute and chronic physical impacts)	Direct impacts are impacts which are directly associated with any of the climate change issues. Examples of direct climate change impacts include damage to assets from storm surge, loss of life as a result of increased heatwaves etc. This list only represents some of the direct impacts that can arise and is for indicative purposes only.
Indirect impacts (From acute and chronic physical impacts)	Indirect impacts are impacts which are an indirect result of a climate change issue. Examples of indirect climate change adaptation impacts include: changes to insurance availability and affordability, increased mortgage risk, supply chain impacts, disease and disease vector changes, food insecurity, market shift, decreased rateable value, regulatory change, decreased credit ratings. This list only represents some of the indirect impacts that can arise and is for indicative purposes only.
Documents	<p>Documents is a collective term used to identify a group of different document types reviewed in the assessment. These documents types include, but are not limited to: policies, strategies, plans, frameworks, guidelines, and procedures.</p> <p>For example, the term 'financial management documents' was used to refer to the following documents which were assessed for the Financial Management indicator:</p> <ul style="list-style-type: none"> • Financial management policy • Financial management strategy • Financial management plan
Council function	A council function is a key function which Council provides. Examples of specific council functions include: land use planning, emergency management, natural environment, biodiversity, health and wellbeing, asset management, compliance, works, waste management, sewerage, potable water, community engagement. Please note that some councils do not undertake all of these functions.

Terminology	Definition
Planning theme	A planning theme is a topic which represents the policy intent of a Council's regulatory planning document (i.e. Planning Scheme, Development Plan). Examples of planning themes include: sustainability and resilience, natural environment and landscape, strong communities, settlement patterns, natural resources, integrated transport, infrastructure, water management, coastal areas, hazards etc.
Prescribed response	A prescribed response is an authoritative guide, direction or action on a specific issue or topic. For example, a prescribed response may include a template or guideline of how climate change adaptation should be actioned (i.e. analyse, plan, allocate resources, implement and monitor, evaluate and report).



Item No: 15.3

Subject: **ANTI-DISCRIMINATION POLICY**

Date: 9 August 2022

Written By: Manager, Strategy and Governance

General Manager: Strategy and Corporate, Ms P Jackson

SUMMARY

On 12 July 2022, Council considered and endorsed an Anti-Racism Policy and Inclusion Policy. As part of the motion (C120722/2659), Council requested that an Anti-Discrimination Policy be developed and brought back for Council's consideration.

An Anti-Discrimination Policy has been drafted and is provided for Council's consideration.

RECOMMENDATION

That Council endorses the Anti-Discrimination Policy.

STRATEGIC PLAN

Council's vision for 2050+ is, in part, to create "a welcoming and healthy place for all in South Australia's most sustainable city".

Furthermore, Council's Strategic Plan includes the following aspirations:

- Holdfast Bay is internationally recognised as a leader in inclusion and participation; and
- The Kaurna people's cultural and spiritual relationship to the area is honoured in meaningful, collaboratively agreed ways.

COUNCIL POLICY

Anti-Racism Policy
Inclusion Policy

STATUTORY PROVISIONS

The Equal Opportunity Act 1984
The Disability Inclusion Act 2018
Local Government Act 1999

Racial Vilification Act 1996

Public Interest Disclosure Act 2018

Universal Declaration of Human Rights

Convention on the Rights of Persons with Disabilities

Convention on the Elimination of all Forms of Discrimination Against Women

Conventions on the Rights of the Child

Convention on the Elimination of All Forms of Racial Discrimination

BACKGROUND

On 12 July 2022, Council considered and endorsed an Anti-Racism Policy and Inclusion Policy (Report No: 241/22). As part of the motion (C120722/2659), Council requested that an Anti-Discrimination Policy be developed and brought back for Council's consideration.

REPORT

Council's vision in the Strategic Plan is to create a welcoming and healthy place for all.

To augment Council's Anti-Racism Policy and Inclusion Policy, an Anti-Discrimination Policy has been drafted and is presented as Attachment 1. This policy outlines Council's stand regarding discrimination in the organisation and our city. It articulates Council's commitment to acknowledging the past and moving forward while taking a strong, ethical stand against discrimination of all kinds.

Refer Attachment 1

This policy further demonstrates Council's leadership on matters of discrimination. Council expressed its intention for inclusion in its plans, and by adopting these policies, will give effect to these intentions by making its positions clear.

Discrimination is known to have serious consequences for the people who experience it. As community leaders and governors of the area, it behoves Council to set the bar high and be clear about what is and what is not acceptable.

This policy does not require community consultation pursuant to legislation as it is a statement of Council's leadership.

BUDGET

Not applicable

LIFE CYCLE COSTS

Not applicable

Attachment 1



ECM DSID Number:	
First Issued / Approved:	XX August 2022
Last Reviewed:	
Next Review:	XX August 2025
Responsible Officer:	Manager Strategy and Governance

1. PREAMBLE

Council has a responsibility to ensure its decisions and actions do not discriminate, but rather, proactively meet the diverse needs and aspirations of our community.

1.1 Background

Equal Opportunity legislation and policy seeks to ensure that Australia embraces diversity and welcomes all people irrespective of culture, faith, sexual orientation, gender identity, or ability.

Treating someone unfairly because they have a particular personal characteristic or belong to a certain group is unlawful in South Australia. One cannot discriminate against anyone on the grounds of:

- age
- association with a child (in customer service or accommodation)
- caring responsibilities
- gender identity
- intersex status
- disability
- identity of spouse or domestic partner
- marital or domestic partnership status
- pregnancy
- race
- religious appearance or dress (in work or study)
- sex or sexual orientation
- assistance or therapeutic animals

The *Equal Opportunity Act 1984 (SA)*, which Council is bound by, covers discrimination in areas such as:

- employment, including volunteers
- accommodation
- clubs and associations
- customer service, goods and services
- education or the granting of qualifications
- sale of land.

1.2 Purpose

This policy articulates Council's commitment to creating a welcoming place for all, regardless of background, age, religion, sexuality, gender identity, or abilities.

COUNCIL ANTI-DISCRIMINATION POLICY

1.3 Scope

This policy applies to the whole of council.

1.4 Definitions

Access – refers to equitable access to Council’s services, information, programs, facilities, built environments and employment opportunities.

Discrimination – refers to a person or group being treated less favourably or not being given the same opportunities as others in a similar situation because of their race, skin colour, cultural background, ethnic origin, religious affiliation, or citizenship status. Discrimination is unlawful (refer to the *Equal Opportunity Act 1984*).

Indirect Discrimination – is when requirements, policies or practices which are the same for everyone appear to be neutral and fair but actually disadvantage people who share a particular attribute.

Inclusion – refers to a state where differences are respected and people feel they belong and are valued, and can live in dignity and participate as they choose in line with their rights as an equal member of society, free from discrimination and disadvantage.

Human Centred Design – refers to a problem-solving technique that puts people at the centre of the development process. It is an iterative practice that makes feedback from the intended users of the solution a critical part of how a solution evolves.

Universal Design - refers to the design and composition of an environment so that it can be accessed, understood and used to the greatest extent possible by all people regardless of their age, size, ability or disability. (*National Disability Authority, Centre for Excellence in Universal Design*)

1.5 Strategic Reference

Council’s vision for 2050+ is, in part, to create “a welcoming and healthy place for all in South Australia’s most sustainable city”.

Furthermore, Council’s Strategic Plan includes the following aspirations:

- Holdfast Bay is internationally recognised as a leader in inclusion and participation
- The Kurna people’s cultural and spiritual relationship to the area is honoured in meaningful, collaboratively agreed ways.

Council’s strategic plan is aligned to the United Nations Sustainable Development Goals, which were developed as an urgent call for action by all countries. The goals recognise that ending injustice and inequality must go hand-in-hand with strategies that improve health and education and spur economic growth, while tackling climate change and working to preserve the natural environment.

COUNCIL ANTI-DISCRIMINATION POLICY

Goals relevant to this policy include:

Goal 5 – Achieve gender equality and empower all women and girls

Goal 16 – Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

2. PRINCIPLES

- 2.1 Council recognises the inherent value of all members of our community and acknowledges its responsibilities to the principles of human rights, as articulated in a number of International Conventions and related legislation.
- 2.2 Council acknowledges the benefits of and the legal and moral imperatives of embracing diversity, ensuring equal opportunities and treating everyone fairly.
- 2.3 Council acknowledges that that people living with a disability, people from culturally and linguistically diverse backgrounds and people who are lesbian, gay, bisexual, transgender, intersex or queer (LGBTIQ+) have historically, and often continue to face, unique challenges and disparities in access and participation.
- 2.4 Council acknowledges its leadership role in standing against discrimination in all forms and commits to modelling inclusive behaviour and language, actively embracing diversity and welcoming all people, irrespective of culture, faith, sexual orientation and gender identity. Council acknowledges the importance of recognising indirect discrimination as well as direct discrimination and commits to addressing both.
- 2.5 Council is committed to ensuring a workplace and leading a community culture free of discrimination, harassment, bullying, vilification and other forms of inappropriate behaviour.
- 2.6 Council is committed to ensuring all service design considers matters relating to discrimination and inclusion, applying principles of universal design and human centred design at every opportunity.
- 2.7 In line with relevant legislation, Council will:
 - take all reasonable steps to prevent discrimination, sexual harassment and victimisation
 - treat staff and customers fairly
 - maintain a procedure for dealing with complaints, undertaking to respond quickly, seriously and confidentially to any complaints
 - support those who have been discriminated against or harassed
 - monitor and maintain a culture of equal opportunity
 - offer flexible work arrangements
 - consider flexibility in service design
 - ensure a socially and physically accessible workplace.

COUNCIL ANTI-DISCRIMINATION POLICY

- 2.8 Council acknowledges that the status quo inadvertently disadvantages and excludes some members of our community and commits to innovating in order to increase participation and stand against discrimination.
- 2.9 Council acknowledges that standing against discrimination must be a joint and collaborative endeavour, undertaken in a spirit of *Tiati Wangkanthi Kumangka* (truth-telling together) and openness to new perspectives and ideas.
- 2.10 Council commits to seeking opportunities to support and invest in activities that focus on inclusion and promote anti-discrimination.

3. REFERENCES

3.1 Legislation

The Equal Opportunity Act 1984

The Disability Inclusion Act 2018

Local Government Act 1999

Racial Vilification Act 1996

Public Interest Disclosure Act 2018

Universal Declaration of Human Rights

Convention on the Rights of Persons with Disabilities

Convention on the Elimination of all Forms of Discrimination Against Women

Conventions on the Rights of the Child

3.2 Other References

Strategic Plan – Our Holdfast 2050+

Disability Action and Inclusion Plan

Customer Feedback and Complaints Policy

Anti-Racism Policy

Inclusion Policy

Employee Code of Conduct

WHS Policy Suite

Code of Conduct for Council Members

United Nations Sustainable Development Goals

Item No: 15.4

Subject: **BRIGHTON CRICKET CLUB LICENCE**

Date: 9 August 2022

Written By: Property Officer

General Manager: Strategy and Corporate, Ms P Jackson

SUMMARY

The Brighton Cricket Club Inc (**Club**) is seeking a non-exclusive right to use the Brighton Oval lacrosse field for cricket matches and training during the cricket season.

The Club already uses the Brighton Oval football field for cricket matches and training by virtue of the Lease granted to Brighton Sports and Social Club Inc (being an umbrella association of which the Club forms part), however the Club's membership has grown significantly over the last two (2) years, so much so that the Club needs an additional playing field during the cricket season to enable all of its teams to compete.

Administration has been in discussions with the Club regarding the use of the lacrosse field during the cricket season and it is proposed that Council grant to the Club a non-exclusive licence during cricket season only for a term of three (3) years commencing on 1 October 2022 with one (1) right of renewal for a further term of five (5) years as discussed herein.

RECOMMENDATION

That Council:

1. enters into a non-exclusive seasonal licence with Brighton Cricket Club over that portion of land comprised in Certificate of Title Volume 5750 Folio 187 as delineated in red on the plan attached hereto as Annexure A and known as the Brighton Oval Lacrosse Field situate at 410-420 Brighton Road, Hove for a term of three (3) years commencing on 1 October 2022 and expiring on 30 September 2025 and otherwise on the terms and conditions outlined herein; and
 2. authorises the Mayor and the Chief Executive Officer to execute and seal any documents required to give effect to the said licence.
 3. authorises the Mayor and the Chief Executive Officer to make any necessary adjustments to the annual fees paid to Council by the Brighton Lacrosse Club in recognition that the maintenance obligations for the lacrosse playing field are now shared with the Brighton Cricket Club, and execute and seal any documents required to give effect to such adjustments.
-

STRATEGIC PLAN

Wellbeing Objectives 2020-2030:

- application of the principles of universal design and social inclusion to all Council Activities;
- increase participation rates in community engagements across all age groups, particularly under-represented demographics; and
- integrate community support and recreational services in multi-purpose spaces through the increase in utilisation rates for Council owned facilities.

COUNCIL POLICY

Sporting and Community Leasing Policy

STATUTORY PROVISIONS

Local Government Act 1999 (SA)

BACKGROUND

Over the last two (2) years, Brighton Cricket Club Inc (**Club**) has seen an unprecedented growth in its membership and number of teams. Such increase in participation is a great result for the Club, Council and the community, especially as majority of the growth has been in respect of juniors and women's teams.

The Club already uses the Brighton Oval football field for cricket matches and training by virtue of the Lease granted to Brighton Sports & Social Club Inc (being an umbrella association of which the Club forms part), however the increase in participation and number of teams means that the Club has had to seek additional playing fields with turf cricket pitches to enable all of its teams to compete.

Unfortunately, playing fields with turf cricket pitches are in high demand with the lacrosse field being the only available turf cricket pitch within the City of Holdfast Bay. As such, the Club is seeking a non-exclusive licence to use the Brighton Oval lacrosse field for cricket matches and training during the cricket season.

Through the terms of the licence contained in the head lease document between the City of Holdfast Bay and the Brighton Lacrosse Club executed on 6 July 2020, the Brighton Lacrosse Club has non-exclusive rights over the lacrosse playing field during the Winter months, in recognition that Lacrosse is a seasonal competition sport. Notwithstanding, the Brighton Lacrosse Club has a historical arrangement where it hires its playing field to the Brighton Cricket Club during the Summer months, for a fee. However, any opportunity to share the playing field with other sporting bodies requires a separate licence, irrespective of any informal arrangements agreed to by the clubs that share tenancy at the Brighton Oval complex.

REPORT

The appeal of the Brighton Oval sporting complex, coupled with growing participation rates in junior sports, and particularly female participation, has resulted in rising demand for the tenant sporting clubs at Brighton Oval to field additional teams. However, with respect to the Brighton Cricket Club, it is limited to holding a licence for use of a single playing field, and with the duration of cricket matches being typically long, the opportunity to host multiple games per day are limited on the single playing field. In this regard, the Brighton Cricket Club and Brighton Lacrosse Club have an informal arrangement where the lacrosse field is hired to the Brighton Cricket Club during the Summer months, as a means to accommodate additional teams and schedule concurrent matches. With lacrosse being a predominantly winter sport, the lacrosse playing field is ideal for use by the Cricket Club during this period of otherwise under-utilisation.

However, the terms of the lease between the Council and the Brighton Lacrosse Club, whilst allowing the tenant to hire the playing field to other sporting bodies on a seasonal basis, requires the formal execution of such an arrangement by way of a separate licence, with the Council's involvement and consent. Under the terms of the lease, the Council can set the licence fee charged to the sub-licensee. As Lacrosse does not have a licence to use the field during the Summer, it cannot grant a sub-licence to a third party. Furthermore, it is Council's standard practice to provide Clubs with seasonal non-exclusive licences only so that Council can maximise the use of its facilities and grant seasonal non-exclusive licences to clubs with alternate seasons so that such clubs have the use of the playing fields at a fair cost and on reasonable terms.

To ensure that there is a formal, documented arrangement that governs the shared use for the lacrosse playing field, a draft licence has been prepared directly between Council and the Brighton Cricket Club. Whilst the Brighton Lacrosse Club is aware that a formal licence is being prepared between Council and the Brighton Cricket Club, it has not been a direct party to the negotiations. A summary of the terms, conditions and schedules contained in the draft licence agreed to between the City of Holdfast Bay and the Brighton Cricket Club are provided in the table below:

Licensor:	City of Holdfast Bay
Licensee:	Brighton Cricket Club Inc
Licence Area:	That portion of the land comprised in Certificate of Title Register Book Volume 5750 Folio 187 as delineated in red on the plan attached hereto as Annexure A and known as the Brighton Oval Lacrosse Field, 410-420 Brighton Road Hove SA 5048
Times of Use:	1 October to 31 March (inclusive) each calendar year during the term of the Licence
Commencement Date:	1 October 2022
Expiry Date:	30 September 2025 (this will bring the licence in line with the existing lease agreement with Brighton Sports & Social Club)
Term of Licence:	Two (2) years, nine (9) months and ten (10) days
Option to Renew	A term of five (5) years commencing on 11 July 2025

Annual Licence Fee:	\$1,805.50 plus GST
Payment Terms:	Monthly, in advance
Licence Fee Review:	<ul style="list-style-type: none"> As at and from 1 October 2023, the annual licence fee payable will be increased to \$2,098 plus GST. As at and from 1 October 2024, the annual licence fee payable will be increased to \$2,390.50 plus GST. Thereafter the licence fee shall be increased annually by CPI.
Permitted Use:	The provision of community recreational cricket and for such other lawful use to which the Licensor may consent in writing.

The complete version of the draft licence has been prepared, and provided as Attachment 1 to this report.

Refer Attachment 1

Licence Fee

It is proposed that the Club pay a commencing annual licence fee of \$1,805.50 plus GST being an amount equal to fifty per centum (50%) of the ground maintenance charge payable by Brighton Lacrosse Club.

The proposed licence achieves the good governance required in any arrangement that has community land used by sporting bodies on a formal basis, whilst meeting Council's strategic aims for the use of recreation facilities and participation rates in broadening healthy lifestyle options for its community, whilst ensuring that existing clubs can continue to grow and prosper over time.

BUDGET

Given that the licence will be between the Council and the Brighton Cricket Club, the Council will receive a fee directly for the seasonal use of the lacrosse playing field. However, this will have the reciprocal effect of cancelling the fee currently paid to the Brighton Lacrosse Club by the Brighton Cricket Club.

LIFE CYCLE COSTS

Under the terms of the Lease, Council will be responsible for the maintenance of the licence area.

Attachment 1



LICENCE

BETWEEN

CITY OF HOLDFAST BAY
ABN 62 551 270 492
(Licensor)

and

BRIGHTON CRICKET CLUB INC
ABN 54 883 066 479
(Licensee)

DRAFT



Licence

Parties

1. **City of Holdfast Bay** ABN 62 551 270 492 of PO Box 19 Brighton SA 5048 (**Licensor**)
2. **Brighton Cricket Club Inc** ABN 54 883 066 479 of PO Box 424 Hove SA 5048 (**Licensee**)

Grant of Licence

The Licensor grants to the Licensee a licence to use the Licence Area described in this Schedule on the terms and conditions contained in this Schedule and the attached Standard Licence Terms which form part of this Licence.

SCHEDULE

Item 1	Land The whole of the land comprised in Certificates of Title Register Book Volume 5748 Folios 558, 560 and 561, Volume 5750 Folios 182, 183, 184, 185, 186 and 187 and Volume 5733 Folio 512
Item 2	Licence Area That portion of the land comprised in Certificate of Title Register Book Volume 5750 Folio 187 as delineated in red on the plan attached hereto as Annexure A and known as the Brighton Lacrosse Field, 410-420 Brighton Road Hove SA 5048
Item 3	Licence Fee Subject to the Licence Fee review provisions contained herein and clause 17, the annual Licence Fee will be One Thousand Eight Hundred and Five Dollars and Fifty Cents (\$1,805.50) plus GST
Item 4	Commencement Date 1 October 2022
Item 5	Expiry Date 30 September 2025
Item 6	Permitted Use The provision of community recreational cricket and for such other lawful use to which the Licensor may consent in writing.

Item 7	Times of Use Times of Use means every: <ul style="list-style-type: none"> (a) Wednesday from 5:00pm to 7:00pm; (b) Friday from 4:00pm to 8:00pm; and (c) Saturday and Sunday from 7:00am to 7:00pm, during the period from 1 October to 31 March (inclusive) in each calendar year during the Term of this Licence and during such other times as agreed in writing between the parties from time to time.
Item 8	Licence Fee Review Dates: <ul style="list-style-type: none"> (a) 1 October 2023 (see paragraph 1 below) (b) 1 October 2024 (see paragraph 2 below) (c) If this Licence is renewed, on 1 October 2025, 2026, 2027, 2028 and 2029
Method:	<ol style="list-style-type: none"> 1. As at and from 1 October 2023, the annual Licence Fee payable will be increased to \$2,098 plus GST. 2. As at and from 1 October 2024, the annual Licence Fee payable will be increased to \$2,390.50 plus GST. 3. As at and from each review dated specified in part (c) in this Item 12 there shall be a CPI Review.
Item 9	Renewal A term of five (5) years commencing on 1 October 2025
Item 10	Services Nil
Item 11	Outgoings SA Water rates and charges [TBA]
Item 12	Licensee's Share Not Applicable
Item 13	Public Risk Insurance The Licensee must effect and keep current during the Term a policy of public risk insurance applicable to the Licence Area and the Permitted Use in the name of the Licensee (but noting the Council's interest) for an amount not less than \$20,000,000.00 per claim and unlimited in the annual aggregate, or such higher amount as the Licensor may reasonably require from time to time.

Item 14	<p>Special Conditions</p> <p>1. Child Safe Environment</p> <p>1.1 The Licensee acknowledges that the City of Holdfast Bay is committed to providing a child safe environment (as defined by the <i>Children and Young People (Safety) Act 2017 (SA)</i>) at all times. A child safe environment is ‘an environment, which is both child-safe and child-friendly, where children are valued and feel respected and encouraged to reach their full potential.</p> <p>1.2 The Licensee represents to the Licensor that it has fulfilled and will ensure that it continues to fulfil its requirements under the <i>Children and Young People (Safety) Act 2017 (SA)</i> in relation to occupying the Licence Area for the Permitted Use.</p> <p>1.3 The Licensee must act in the best interests of the community at large.</p> <p>1.4 The Licensee must at the request of the Licensor provide a current police clearance, working with children check and/or the relevant criminal history screening certificate under relevant legislation for the Licensee or any of the Licensee’s officers, volunteers, members, employees, contractors, tenants and agents who provide recreation and education services from the Licence Area.</p> <p>1.5 If the Licensor makes a request of the Licensee under this Special Condition, the Licensee must provide the requested documents within ten (10) business days of such request. Failure to do so will be considered a breach of an essential term of this Licence.</p> <p>2. Use of Licence Area</p> <p>2.1 The Licensee acknowledges that the grant of this licence is non-exclusive, and that the Licensor may in its absolute discretion, grant a licence to third parties for the use of the Licence Area during the Times of Use or such other times determined by the Licensor. The Licensor agrees to consult with the Licensee prior to exercising its rights of this Special Condition.</p> <p>2.2 The Licensee must leave the Land (including the Licence Area) in a clean and tidy state at the end of each use.</p> <p>2.3 The Licensee is responsible for all costs in connection with caretaking and security services in respect of the Licence Area.</p> <p>2.4 The Licensee must not undertake any alterations, additions or modifications to any structure, path or anything built on the Land or within the Licence Area nor erect nor install any signage on the Land or within the Licence Area without the prior written consent of the Licensor.</p>
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	<p>2.5 The Licensor will maintain the Licence Area during the Term to a higher standard than a public reserve (as defined in the Licensor's Sporting and Community Leasing Policy).</p> <p>2.6 Except approved by the Licensor, the Licensee must not under any circumstances allow alcohol onto the Land and must ensure that its patrons, members and visitors do not bring alcohol onto the Land.</p> <p>2.7 Smoking is not permitted on the Licence Area.</p> <p>2.8 A breach of any of the Special Conditions will constitute a breach of this Licence.</p> <p>2.9 The Licensee must keep the Chief Executive Officer of the Licensor advised at all times of the names and telephone numbers of at least two (2) current contact persons.</p> <p>2.10 For the avoidance of doubt, the Licensee acknowledges that the Licensor has no liability or responsibility for any fixtures, fittings and/or other items installed, owned or otherwise brought onto the Licence Area by the Licensee.</p>
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STANDARD LICENCE TERMS

1. DEFINITIONS AND INTERPRETATION

In this Licence, unless the context otherwise requires:

- 1.1 **Authority** means any governmental, semi-governmental or other authority having jurisdiction or authority in respect of the Licence Area;
- 1.2 **Commencement Date** means the date in Item 4;
- 1.3 **Licence Fee Review** is a review of the then current annual Licence Fee to an amount calculated by changing the Licence Fee payable by the Licensee during the year immediately preceding the review date (disregarding any Licence Fee free period or other incentive) by a percentage figure equal to the amount (expressed as a percentage) by which the Consumer Price Index (Adelaide - All Groups) has changed during the one year period immediately preceding the relevant review date provided that if during the term the Consumer Price Index ceases to be published or substantially changes, the Licensor will select another similar index or indicator of changes in consumer costs in lieu of the Consumer Price Index for the purposes of this definition;
- 1.4 **Expiry Date** means the date in Item 5;
- 1.5 **Default Rate** means the rate which is two per centum (2%) per annum greater than the published annual rate of interest charged from time to time by Westpac Banking Corporation on overdraft facilities of more than \$100,000.00 and if there is more than one rate published the highest of those rates;
- 1.6 **Land** means the land described in Item 1;
- 1.7 **Licence Area** means the licence area described in Item 2;
- 1.8 **Licence Fee** means the fee in Item 3;
- 1.9 **Licensee's Agents** means each of the Licensee's agents, contractors, subcontractors, employees, officers, sublessees, licensees, invitees, or any other person claiming through or under the Licensee;
- 1.10 **Licensee's Share** means the proportion specified in Item 12;
- 1.11 **Licensor's Agents** means each of the Licensor's agents, contractors, subcontractors, employees, officers, sublessees, licensees (excluding the Licensee or the Licensee's Agents), invitees, or any other person claiming through or under the Licensor;
- 1.12 **Outgoings** means the outgoings described in Item 11;
- 1.13 **Permitted Use** means the use described in Item 6;
- 1.14 **Renewal Term** means the term (if any) of renewal or extension specified in Item 9;
- 1.15 **Review Date** means the dates in Item 8;
- 1.16 **Schedule** means the schedule attached to this Licence;

- 1.17 **Services** means electricity, gas, water, oil, telephone and other like services together with the services described in Item 10;
- 1.18 **Term** means the term commencing on the Commencement Date and expiring on the Expiry Date and any extension or renewal of this Licence or any period during which the Licensee uses the Licence Area;
- 1.19 **Times of Use** means the times set out in Item 7;
- 1.20 a reference to any document is a reference to that document as varied, novated or replaced from time to time;
- 1.21 the singular includes the plural and vice versa;
- 1.22 a reference to a gender includes all genders;
- 1.23 the use of the word “including” does not limit what else might be included;
- 1.24 a reference to a thing includes all or any part of it;
- 1.25 where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- 1.26 a reference to a person or entity includes a natural person, a partnership, corporation, trust, association, unincorporated body, authority or other entity;
- 1.27 a reference to a party includes that party’s legal personal representatives, successors and permitted assigns;
- 1.28 a term which purports to bind or benefit two or more persons binds or benefits them jointly and severally;
- 1.29 headings are inserted in this document for convenience only and are not intended to affect its interpretation;
- 1.30 a reference to a statute, ordinance, code or other law includes regulations and other instruments issued under it and consolidations, amendments, re-enactments or replacements of any of them; and
- 1.31 a reference to an Item means an Item in the Schedule.

2. **GRANT OF LICENCE**

The Licensor grants to the Licensee a non-exclusive licence to use the Licence Area for the Permitted Use and during the Times of Use. The Licensor will permit the Licensee and the Licensee’s Agents access for the purpose of ingress and egress to and from the Licence Area without hindrance over across and along all such parts of the Land as are reasonably necessary to access the Licence Area.

3. **TERM**

This Licence commences on the Commencement Date and continues until the Expiry Date or the prior surrender or termination of this Licence.

4. **LICENCE FEE**

- 4.1 The Licensee must pay to the Licensor or as the Licensor directs the Licence Fee without demand, set-off, counterclaim, withholding or deduction by way of two (2) equal instalments on or before 1 October and 1 January in each calendar year during the Term.
- 4.2 The Licence Fee will be reviewed on each Review Date in the manner described in Item 3.
- 4.3 Until the new licence fee has been determined, the Licensee must continue to pay the Licence Fee payable before the Review Date.
- 4.4 Any variation in the Licence Fee takes effect on the Review Date and within fourteen (14) days of determination the Licensor must refund any overpayment or the Licensee must pay any shortfall.

5. **SERVICES**

The Licensee must pay charges for all Services supplied by any Authority to the Licensee.

6. **OUTGOINGS**

- 6.1 The Licensee must pay or reimburse to the Licensor, or as the Licensor directs, the Licensee's Share of all Outgoings levied, charged or assessed in respect of the Licence Area or the Land.
- 6.2 The Outgoings will be adjusted between the Licensee and the Licensor as at the date of commencement, expiry or termination (as the case may be) and the Licensor's proportion will be so much of any Outgoing that relates to any period of time not included in the Term of this Licence.

7. **POWER AND OTHER UTILITIES**

- 7.1 The Licensee must pay as and when they are due for payment, all costs for the use of the consumption of electricity supplied to or used from the Licence Area.
- 7.2 If there is no separate meter for recording or measuring the services and utilities consumed on or from the Licence Area, then the Licensee must, if required by the Council, install the necessary meters at its own cost.
- 7.3 Without limiting the generality of this clause 7, the Licensee will comply in all respects with the *Electricity (General) Regulations 2012* (SA) and any other applicable electricity laws.

8. PERMITTED USE

- 8.1 The Licensee must only use the Licence Area for the Permitted Use and during the Times of Use.
- 8.2 The Licensee must:
- (a) not carry on any offensive or dangerous activities on or from the Licence Area;
 - (b) not create a nuisance or disturbance for the Licensor or for the owners or occupiers of any adjoining property;
 - (c) ensure at all times that activities conducted on or from the Licence Area do not discredit the Licensor; and
 - (d) not transfer, sublicense, charge or otherwise part with his, her or its interest in this Licence or otherwise part with possession of the Licence Area.

9. LICENSOR'S RIGHTS AND OBLIGATIONS

- 9.1 Subject to the Licensor's rights and to the Licensee complying with the Licensee's obligations under this Licence, the Licensee may occupy the Licence Area during the Times of Use during the Term without interference from the Licensor.
- 9.2 The Licensor may enter the Licence Area at any time and without notice for any purpose including inspection or to carry out maintenance, repairs or building work which are the responsibility of the Licensor.

10. LICENSEE'S OBLIGATIONS

The Licensee must at its cost:

- 10.1 obey any law that requires the Licensee to do, or to refrain from doing anything concerning the Licence Area, the Licensee's use of the Licence Area, or this Licence;
- 10.2 obtain and keep current all consents, authorities, permits and licences necessary for the lawful conduct of the activities conducted by the Licensee in the Licence Area;
- 10.3 ensure that the Licence Area are used carefully and responsibly and in accordance with any directions that may be given by the Licensor from time to time;
- 10.4 immediately repair or make good any damage to the Land and/or the Licence Area caused or contributed by the act, omission, negligence or default of the Licensee (and/or its invitees);
- 10.5 only use the Licence Area for the Permitted Use specified in the Schedule;
- 10.6 keep the Licence Area clean and tidy and free from animals, vermin and pests;

- 10.7 comply with all laws, requirements and reasonable directions of the Licensor in relation to occupational health and safety, public health, fire safety and safety generally;
- 10.8 comply with all laws relating to:
 - (a) the Licensee's use and occupation of the Licence Area; and
 - (b) the Permitted Use;
- 10.9 obtain the Licensor's consent before the Licensee alters, installs any equipment or signage, re-designs the Licence Area or does any other building work in or on the Licence Area;
- 10.10 comply with the reasonable rules, requirements and directions of the Licensor regarding the use of the Licence Area and the Land;
- 10.11 following each Time of Use the Licensee must remove all rubbish and other items brought onto the Licence Area, and promptly make good any damage caused by the Licensee; and
- 10.12 upon the expiration or earlier cancellation of this Licence, make good any damage it has caused to the Licence Area during the Term.

11. RISK AND INSURANCES

- 11.1 The Licensee must effect and keep current during the Term the insurance policies specified in Item 13.
- 11.2 The Licensee must:
 - (a) whenever the Licensor asks, give the Licensor a copy of each insurance policy or a certificate of currency for the insurance; and
 - (b) notify the Licensor immediately if any such policy is cancelled or an event occurs which may allow a claim or affect rights under the policy.
- 11.3 The Licensee occupies and uses the Licence Area at the Licensee's own risk.

12. RELEASE AND INDEMNITY

- 12.1 The Licensee indemnifies the Licensor and the Licensor's Agents against any action or demand due to any damage, loss, injury or death caused or contributed to by:
 - (a) the Licensee's act, omission, default or negligence;
 - (b) the Licensee's use or occupation of the Licence Area and/or the Land;
 - (c) any breach of this Licence by the Licensee;
 - (d) damage to property or injury or death to any person; or

- (e) any fire on or from the Licence Area, and the overflow or leakage of water or any other harmful substance or thing into or from the Licence Area.
- 12.2 The Licensee indemnifies the Licenser against any action or demand due to any damage, loss, injury or death caused or contributed to by the Licenser doing anything which the Licensee must do under this Licence, but has not done or has not done properly.
- 12.3 Each indemnity in this clause is independent from the Licensee's obligations under this Licence and does not end when this Licence ends.
- 12.4 The Licensee releases the Licenser and the Licenser's Agents from, and agrees that the Licenser and the Licenser's Agents will not be liable for liability or loss arising from, or costs incurred in connection with:
 - (a) damage, loss, injury or death; and
 - (b) anything the Licenser is permitted or required to do under this Licence,except to the extent that the Licenser causes this by a negligent act or negligent omission.

13. BREACH

- 13.1 The Licensee breaches this Licence if:
 - (a) the Licence Fee or any part of it is unpaid, it disobeys or otherwise fails to perform any term of this Licence and such noncompliance continues for a period of fourteen (14) days following service of a written notice of such default; or
 - (b) an order is made or a resolution passed that the corporation be wound up;
 - (c) an order is made or a meeting is called for the appointment of a provisional liquidator, a liquidator or an administrator to the Licensee;
 - (d) an administrator, a receiver, a manager or an inspector is appointed in respect of the Licensee or any of the assets of the Licensee;
 - (e) the Licensee is insolvent within the meaning of the *Corporations Act 2001* (Cth); or
 - (f) execution is levied against the Licensee and is not discharged within one (1) calendar month.
- 13.2 If the Licensee is in default of this Licence under clause 13.1 then Licenser may, without prejudice to any other right it has, terminate this Licence and re-enter the Licence Area without further notice to the Licensee.

14. RENEWAL

14.1 If a right of renewal has been granted to the Licensee as described in Item 9 and the Licensee wishes to exercise that right of renewal, then the Licensee must serve a written notice on the Licensor not less than three (3) months and not more than six (6) months before the expiry of the then current term stating it requires a renewal of this Licence.

14.2 The Licensee will not be entitled to a right of renewal if:

- (a) the Licensee has been in breach of this Licence at any time before giving notice of the Licensee's exercise of the right of renewal;
- (b) the Licensee is in breach of the Licence at the time of giving that notice; or
- (c) the Licensee is in breach or commits a breach of this Licence after giving notice but before commencement of the Renewal Term.

15. NATURE OF LICENCE

15.1 The rights under this Licence rest in contract only and do not create in or confer upon the Licensee any tenancy or any estate or interest in the Licence Area.

15.2 The rights granted shall not confer upon the Licensee or any person claiming through or under the Licensee any rights of exclusive occupation.

16. SPECIAL CONDITIONS

The Licensor and the Licensee acknowledge and agree that the Special Conditions described in Item 14 form part of this Licence and to the extent that there is any inconsistency between the terms of this Licence and the Special Conditions, the Special Conditions will prevail.

17. GST

17.1 For the purposes of GST levied or imposed on or in respect of any supply by the Licensor to the Licensee made under this Licence, the amount payable for that supply will be increased by the amount necessary to ensure that the payment made by the Licensee net of GST is the same as it would have been before the GST was levied or imposed and the Licensee must pay that amount as increased.

17.2 Words or expressions used in this Licence, which are defined in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth), have the same meaning in this Licence.

18. INTEREST ON OVERDUE AMOUNTS

If the Licensee does not pay an amount when it is due, it must pay interest on that amount on demand from when the amount becomes due until it is paid in full. Interest is calculated on outstanding daily balances at the Default Rate.

19. MISCELLANEOUS

- 19.1 If the Licensee continues in occupation of the Licence Area after the Expiry Date with the consent of the Licensor the Licensee will thereupon become or be deemed to be a monthly tenant of the Licensor at a Licence Fee determined in accordance with this Item 8, and such tenancy will be subject to such of the conditions and covenants contained in this Licence as are applicable to a monthly tenancy.
- 19.2 The Licensor and the Licensee acknowledge and agree that this Licence contains and represents the entire agreement reached between them with regard to the Land and that no promises, representations or undertakings, other than those contained in this Licence, were made or given or relied upon.
- 19.3 The Licensor makes no warranty or representation regarding the suitability of the Licence Area (structural or otherwise) for the Permitted Use or any other purpose.
- 19.4 If any part of this Licence is found to be invalid or void or unenforceable, then that part will be severed from this Licence and the remainder of this Licence will continue to apply.
- 19.5 Each party will pay its own costs and expenses in relation to the negotiation, preparation and execution of this Licence. The Licensee must pay all stamp duty (if any) assessed or chargeable in respect of this Licence.
- 19.6 In addition to any other means of giving notice, any notice will be taken to have been given if it is in writing and signed by or on behalf of the party giving the notice and either delivered or sent by ordinary pre-paid post to the other party at the address set out in this Licence or such other address as may be advised in writing. A notice will be taken to have been given at the time of delivery or on the day following the date of posting (whether actually received or not).
- 19.7 This Licence is governed by the laws of South Australia. The parties submit to the jurisdiction of the courts of South Australia and agree to issue any proceedings relating to this Licence in those courts.
- 19.8 Every provision of this Licence is independent of the other. Any provision which is prohibited or unenforceable in any jurisdiction will be ineffective to the extent only of such prohibition or unenforceability, and the other provisions will remain in force.
- 19.9 Any variation of this Licence must be in writing and signed by each party.
- 19.10 Unless otherwise stated, the Licensor may in its discretion give (conditionally or unconditionally) or withhold any approval or consent under this Licence.

Executed as a deed on

The Common Seal of City of Holdfast Bay
was hereunto affixed in the presence of:

.....
Mayor

.....
Chief Executive Officer

The Common Seal of Brighton Cricket Club Inc
was hereunto affixed in the presence of:

.....
Signature of Authorised Officer

.....
Name of Authorised Officer

Annexure A



Government
of South Australia

Land Services Group