

Submission
No 36

INQUIRY INTO CLIMATE CHANGE (NET ZERO FUTURE) BILL 2023

Organisation: Urban Development Institute of Australia NSW (UDIA)

Date Received: 24 October 2023

24 September 2023

The Hon Sue Higginson MLC
Chair
NSW Portfolio Committee No. 7 - Planning and Environment
NSW Parliament
Macquarie Street
SYDNEY NSW 2000

RE: UDIA SUBMISSION TO THE INQUIRY INTO THE CLIMATE CHANGE (NET ZERO FUTURE) BILL 2023

Dear Ms Higginson,

The Urban Development Institute of Australia NSW (UDIA) is the state's leading development industry body, representing 450 member companies and agencies across the public and private sector. We invest in evidence-based research to inform our advocacy to Government, which enables our members to create liveable, affordable, and connected smart cities. Through our 15 Policy, Research, and Regional Committees, we lead the industry with evidence-based research that informs our advocacy on issues right across the industry.

The UDIA welcomes the opportunity to respond to the NSW Legislative Council Inquiry into the *Climate Change (Net Zero Future) Bill 2023* ("the Bill").

Background on UDIA NSWs involvement in net zero and circular economy initiatives

As a state we are facing a chronic Housing Crisis, with major supply shortages and affordability pressures. At the same time actions to address climate change and transition to a less carbon intensive economy are becoming critical. UDIA has been working on a number of initiatives and research projects in recent years which seek to identify how the construction and development sector can respond to the challenge of transitioning to net zero, in ways which recognise the inherent challenges of a sector whose key materials include the carbon intensive inputs of steel and concrete.

We are cognisant that our industry must do its part towards the transition to building norms and practices, and many of our members are already leaders in this space. UDIA is already working on a two important research projects to help our members respond to the challenges of achieving net zero in particular for greenfield land developers and small to medium sized apartment developers who both face unique challenges.

The first is a 'Carbon Footprint Improvement' project which will identify key actions needed to build capacity of the small to medium apartment development sector to respond to net zero target by 2050. Building on the experience of UDIA members who are leaders in this space, we will develop a step-by-step roadmap that can assist this part of the market to adapt. This is critically important for these developers as many do not have the financial capacity for large and well-resourced sustainability teams like their larger competitors.

The second project aims to support greenfield land developers, by understanding how carbon neutral materials and practices, including reduced diesel usage, can be effectively implemented in a greenfield subdivision. The first component of the project is the creation of a toolkit/playbook on current green initiatives, with the second phase looking to deploy this playbook to deliver a small net zero subdivision in Sydney.

UDIA NSW has also pioneered EnviroDevelopment for over a decade - an evidence-based ratings tool designed to make it easier for purchasers to recognise and, thereby select, more environmentally sustainable homes and workplaces. EnviroDevelopment independently reviews development projects and awards certification to those that achieve outstanding performance across four or more of the six provided elements – Ecosystems, Waste, Energy, Materials, Water and Community. EnviroDevelopment makes it easier for purchasers to recognise and, thereby, select more environmentally sustainable developments and lifestyles.

Recognising the development and construction sectors use of energy, building materials, waste and water will have to evolve, UDIA is also establishing a new Committee focussing on net zero, the circular economy and waste reduction. This committee will build on our existing policy work in this area.

Recommendations for Amendments to the Bill

UDIA broadly supports the intent of the Bill noting it will set emissions reduction targets for NSW to achieve by 2050 and establish a Net Zero Commission responsible for monitoring, reviewing and reporting on progress against the targets. Industries like ours perform best when we have certainty about our future regulatory environment and the Bill will provide a clear timeframe for the economy to adapt.

Access to affordable and secure housing is essential to a well-functioning society and NSW is in the midst of a once in a generation supply and affordability crisis. The NSW Government has committed to delivering 75,600 new homes per year from 2024 for 5 years under the National Housing Accord. This is more homes per year than we have ever built and it comes at a time of increased uncertainty, escalating interest rates, high material costs, labour shortages and increasing builder insolvencies.

In the 12 months to March 2023, across NSW there were 47,200 newly completed residential dwellings, nearly 38% below the Accord target. To deliver NSW targets under the Accord the market will need to deliver a 25% increase in the current supply of detached houses and a 209% in the supply of new apartments.

Unfortunately, the future housing pipeline does not look good, with only 51,000 new building approvals in NSW in the last year. Against this broader backdrop UDIA makes the following recommendations in respect of this Bill:

- 1) Add a new clause 8(8)(H) that recognises the basic human needs for food, water, air and housing as drafted below.**

8(8)(H) the need to ensure basic human needs are provided for, including food, potable water, air and housing.

UDIA notes one of the stated intentions of Part 2 of the Bill is to establish a set of principles outlining how action to address climate change should occur. While clause 8 (8) (e) calls out the need to balance the requirement for essential infrastructure and utilities, UDIA contends the need to provide for essential human needs including housing, should also be included as a guiding principle.

2) Regulation making powers in clauses 9 and 10

Clauses 9 (2) provides the Minister a power to make regulations about matters relating to the Net Zero targets, including the implementation of the targets and the calculation and assessment of greenhouse gas emissions. Clause 10 (2) defines the adaptation objective for the proposed Act and provides that the regulations may make provision about the implementation of the objective. Together these provisions provide a very broad and unfettered power to specify particular measures that are required to be adopted by individuals or business in NSW to adapt to a changing climate. The powers could also be used to restrict certain types of activity or business operations in the future. Given regulations cannot be subjected to debate and amendment by the Parliament, UDIA recommends, either draft regulations are prepared and tabled for review concurrently with the passage of this Bill or that consideration is given to limiting or further defining the scope of this regulation making power.

General Comments on the Bill

UDIA notes the Net Zero Commission will have a wide range of functions including providing advice and recommendations to Government on strategies, policies and programs that should be implemented to achieve the adaptation objective and Net Zero target. We further note the Clause 16 of the Bill requires the Commission, when undertaking its functions, to consult with “persons the Commission considers relevant or necessary for the exercise of the Commission’s functions, including government agencies and the general public.” Given the unique challenges facing the construction and development sector, outlined earlier in this submission we strongly recommend this provision is amended to expressly include a reference that consultation is required with businesses and industry sectors who are will be most effected by the transition to Net Zero.

Again, we thank the Committee for the opportunity to comment on the Bill. If you would like to discuss UDIA’s submission or recommendations in more detail please contact UDIA’s **General Manager, Policy, Research and Corporate Affairs, Gavin Melvin** at

Yours sincerely,

Steve Mann
Chief Executive Officer
UDIA NSW