

Submission  
No 27

**INQUIRY INTO PLANNING SYSTEM AND THE IMPACTS  
OF CLIMATE CHANGE ON THE ENVIRONMENT AND  
COMMUNITIES**

**Organisation:** The Committee for Sydney

**Date Received:** 27 October 2023

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To: NSW Legislative Council's Portfolio Committee No. 7 - Planning and Environment,

**Submission in response to: Planning system and the impacts of climate change on the environment and communities**

The Committee for Sydney is the city's peak advocacy and urban policy think tank. We work with our 160+ member organisations – who represent industry, government and the cultural and not-for-profit sectors – to produce research and policy recommendations on key issues for Sydney.

On 18 October we released a new research report - **Defending Sydney: Adaptive planning for today's floods and tomorrow's climate** – which was conducted over the past 9 months in collaboration with over 30 organizations from business, academia, and Local, State and Federal government.

Defending Sydney identifies that:

1. **Sydney is at a crossroads.** We're facing a housing crisis and climate crisis. The success of solving the housing crisis will be judged on whether more or less people are at risk of the climate crisis and its financial impacts. Without clear structures to manage this increasingly scary risk cocktail, the result will be more and more development in areas exposed to floods and climate change.
2. **Climate related risk is getting worse** - Over the next decade, Sydney's population will grow from 5.3 million people today to about 6.1 million people. Over the same period, our climate is projected to warm by an average 0.7°C, increasing the frequency and severity of flooding and other natural hazards.
3. **Costs of disasters are rising** – Households, businesses and government are experiencing more frequent and intense floods, increasing annual insurance and recurring recovery costs. The 2022 East Coast Floods had insured costs of \$6bn, and uninsured costs of \$15bn.
4. **The planning system is being challenged by rapid change.** There is a disconnect between strategic land use planning and disaster risk reduction in NSW. While we do develop hazard and climate risk maps, very little of this informs decision making, pushing more housing into areas of growing risk.
5. **Assets and infrastructure are not designed or funded to withstand future hazard risk.** State and Federal funding frameworks do not match up with the need to prepare critical infrastructure, and their business cases, for the growing impact of climate change.
6. **Current risk transparency and governance arrangement are unfit for a changing climate.** Local Governments and Utilities are financially constrained, while adaptive planning requires trade-offs between housing, cultural values, risk tolerance and competing budgetary constraints.

New approaches are therefore needed to address these challenges:

7. **Place based adaptive planning:** We recommend following a Dutch approach, which has been adopted by countries around the world to enable policy makers and communities to understand risk tolerance across the community, infrastructure providers, and with insurers and banks.

8. **Climate responsive land use planning:** We recommend following examples such as New York (climate risk zones), and Norfolk Virginia (Vision 2100 Land Use Plan), that have worked with communities to establish dynamic land use planning tools, signalling changing risk, and enabling relocation.
9. **Collaborative decision making:** This is essential to ensure business and community continuity in the face of natural disasters, bringing forward a way to engage communities in decision making about the future of their place and test their willingness to live with those risks against other available options.

This report proposes 11 recommendations for government and businesses to proactively build adaptive capacity to a changing climate, including

10. **Six Cities Region Plan and City Plans:** embed a high, medium and low climate risk overlay, that considers projected future climate risk; Focus future urban growth in infill areas, close to transport and social infrastructure, and away from areas of growing climate risk
11. **State Disaster Mitigation Plan:** Develop a consistent methodology for establishing risk tolerance across communities, service providers and Government; Provide guidance on how to integrate land use planning, and cost/ benefit analysis of alternate mitigation options in Disaster Adaptation Plans; Introduce a specific climate risk land use zone for high risk areas; Convene lifeline infrastructure providers to prioritise investment plans.
12. **Disaster Adaptation Plans:** Develop sub-regional scale adaptation pathways with community, business, critical infrastructure providers, First Nations communities and other stakeholders; Fund the delivery of deep community engagement across Greater Sydney to inform the adaptive pathways.
13. **Drive risk transparency:** Require and fund mandatory climate risk assessments to inform Local Government flood risk assessments (through the NSW Flood Manual); Update quarterly rates notifications to include all hazard exposure.
14. **Convene the financial services sector** (particularly insurers and banks) to share data and insights in planning for climate and natural hazard risk.

The 3 year action plan is included as an appendix to this letter, and the full report is also attached.

We look forward to engaging further on this critical agenda.

Yours sincerely,

Sam Kernaghan  
Director, Resilience Program  
Committee for Sydney

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## Defending Sydney: Action Plan

<i>The Issue</i>	<i>Recommended Actions</i>	<i>Responsibility</i>
<b>NOW: COMMIT TO REDUCING FLOOD AND CLIMATE RISK ACROSS SYDNEY (Year 1)</b>		
<b>1. Reduce growing climate risk through the 2023 Six Cities Region Plan and City Plans</b>		
The number of people and assets exposed to natural disasters is rising as we build into areas of existing and projected climate risk. The most effective way to reduce future climate risk is to stop building new dwellings and assets in these locations.	<ol style="list-style-type: none"> <li>Embed in the Six Cities Region Plan, a high, medium and low climate risk overlay, that considers projected future climate risk</li> <li>Focus future urban growth in infill areas, close to transport and social infrastructure, and away from areas of growing climate risk</li> <li>Measure and report how the Six Cities Region Plan reduces the number of people, dwellings and assets exposed to climate risk.</li> <li>Develop a climate risk policy maturity framework in the Six Cities Region Plan and City Plans to show how land use policy and planning is responding to a changing climate.</li> </ol>	<p><b>Proposed Lead:</b> Greater Cities Commission</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>NSW Reconstruction Authority</li> <li>NSW Department of Planning</li> <li>Local Governments</li> </ul>
<b>2. Embed community, infrastructure and economy in the 2023 State Disaster Mitigation Plan:</b>		
Preparing plans to reduce the impact of floods and other disasters will require trade-offs between and within communities, and decisions by service providers about when and how to invest. Approaching these essential challenges needs to be framed at a state level to ensure consistency across Sydney and NSW.	<ol style="list-style-type: none"> <li>Develop a consistent methodology for establishing risk tolerance across communities, service providers and Government</li> <li>Provide guidance on how to integrate land use planning, and cost/ benefit analysis of alternate mitigation options into Disaster Adaptation Plans</li> <li>Introduce a specific climate risk land use zones for high risk areas and identify areas for possible application</li> </ol>	<p><b>Proposed Lead:</b> NSW Reconstruction Authority</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>NSW Department of Planning</li> <li>NSW Treasury</li> <li>Utilities/ Telcos</li> </ul>
<b>3. Establish regional lifeline infrastructure<sup>1</sup> groups</b>		
NSW has an emergency management coordination structure that enables clear allocation of responsibility and decision making. A similar mechanism is needed for lifeline infrastructure – essential services that enables communities to cope and adapt to changing climate risk, and increasing disruption.	<ol style="list-style-type: none"> <li>Build on experience from Queensland and New Zealand to co-design a long-term regional adaptation approach for lifeline infrastructure.</li> <li>Identify risk ownership and needs from a place and system perspective, to inform investment planning across lifeline infrastructure.</li> <li>Enhance the role of green infrastructure solutions in contributing to climate adaptation</li> </ol>	<p><b>Proposed Lead:</b> NSW Reconstruction Authority</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>Utilities (Ausgrid, Sydney Water, Endeavour Energy)</li> <li>INSW</li> <li>Office of Local Government</li> <li>Local Government</li> <li>NSW Health</li> </ul>

<sup>1</sup> Lifeline infrastructure includes, but are not limited to transportation, telecommunication and utilities such as power and water.

<b>4. Build collaborative governance and place-based adaptation pathways through Disaster Adaptation Plans:</b>		
<p>The Resilient Sydney Strategy 2018 called out the complex governance for managing natural hazard and climate risk in Sydney, identifying that no single organisation has responsibility or power to reduce flood and any other risk. Collaborative planning processes are needed to address this gap to build trusted relationships, and allocate responsibilities, for reducing natural hazard and climate risk in Greater Sydney.</p>	<ol style="list-style-type: none"> <li>a. Fund the delivery of deep engagement to enable community led Disaster Adaptation Plans to be created across Greater Sydney.</li> <li>b. Identify climate informed medium and high risk locations, and share findings with Local Government</li> <li>c. Generate and incorporate consistent data on social capital, social cohesion and social infrastructure to identify high-risk communities</li> <li>d. Develop sub-regional scale adaptation pathways with community, business, critical infrastructure providers, First Nations communities and other stakeholders</li> <li>e. Pilot a cost-benefit methodology to identify alternate risk reduction and investment scenarios</li> </ol>	<p><b>Proposed Lead:</b> NSW Reconstruction Authority</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>• NSW Department of Planning</li> <li>• NSW Treasury</li> <li>• Universities</li> <li>• Local Government</li> <li>• Resilient Sydney</li> <li>• Utilities</li> <li>• NSW Office of Chief Data Scientist</li> </ul>
<b>5. Support Local Governments to assess and communicate risk</b>		
<p>Without climate risk scenarios at local government level, we are effectively creating a postcode lottery across the Greater Sydney. Most businesses and households are unaware of the natural hazard and climate risk that they face, or how this risk impacts them and will change in the future.</p> <p>While local governments work hard to share risk information with their communities, many either don't have the resources to update existing hazard modelling to include climate risk, or are reticent to share new information without comprehensive strategies to respond.</p>	<ol style="list-style-type: none"> <li>a. Require and fund mandatory climate risk assessments to inform Local Government flood risk assessments (through the NSW Flood Manual).</li> <li>b. Update quarterly rates notifications to include all hazard exposure, linked to asset design standards where possible, and identify sources of further information about risk to life and property in each location.</li> <li>c. Update S.107 certificates to include all hazard exposure, and how global warming is expected to change or exacerbate these hazards.</li> <li>d. Use climate and climate risk data to support small and medium sized business preparedness and continuity plan development</li> </ol>	<p><b>Proposed Lead:</b> NSW Department of Planning</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>• Office of Local Government</li> <li>• Local Governments</li> <li>• NSW Treasury</li> <li>• Resilient Sydney</li> <li>• NSW Office of Chief Data Scientist</li> </ul>

## NEXT: INVEST IN PLACE-BASED CLIMATE ADAPTATION (Year 2)

### 6. Refocus Federal Funding towards reducing the costs and impacts of disasters

<p>The Federal Disaster Ready Fund allocates \$200m per year for preparedness, with funds allocated based on a competitive grants process. A new funding logic is needed that takes a more strategic approach to make best use of this limited funding.</p>	<ol style="list-style-type: none"> <li>Set funding criteria at Federal level that incentivises land use and development decisions that reduce total asset exposure and enhance life safety, prioritising high risk locations</li> <li>Make Federal and State betterment funding available to strengthen assets and dwellings in at-risk locations prior to disasters occurring</li> <li>Support and enable cooperative approaches to adaptation funding to improve outcomes through multiple benefits and shared funding models</li> </ol>	<p><b>Proposed Lead:</b> National Emergency Management Agency</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>NSW Reconstruction Authority</li> <li>NSW Department of Planning</li> <li>NSW Treasury</li> <li>Commonwealth Treasury</li> </ul>
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### 7. Engage the financial services sector in Disaster Adaptation Planning

<p>Access to data on flooding and climate scenarios is consistently raised as a barrier to risk informed decision making. Data on risk pricing from insurers and banks is not being included in decision making, potentially undermining future asset values if owners can't afford insurance or to self-insure. There is a need to understand the value chain, and who owns the downside risk of changes in flooding and other hazards.</p>	<ol style="list-style-type: none"> <li>Create a Financial Services Forum to bring the knowledge, data and perspective of financial services providers into place-based risk tolerance discussions and Disaster Adaptation Plans</li> <li>Engage with financial services providers to identify viable and affordable mitigation options at the household scale to improve asset resilience and insurance affordability in medium risk zones</li> <li>Work with financial services and State Government to Government to build on existing data sets and create an accessible climate and climate risk data asset that enables risk informed infrastructure, asset management and land use planning decisions. This data set would be built from existing data assets including what is created by the Hazard Insurance Partnership.</li> <li>Partner with financial services providers and State Government to identify who owns the financial risk in the next major flood disaster.</li> </ol>	<p><b>Proposed Lead:</b> NSW Reconstruction Authority</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>Committee for Sydney</li> <li>Private Sector / Insurers</li> <li>Resilient Sydney</li> <li>Financial Services Regulators</li> <li>Universities</li> <li>CSIRO/ Australian Climate Service</li> </ul>
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### 8. Enable IPART to accelerate climate adaptation

<p>The Independent Pricing and Review Tribunal (IPART) can review reasonable funding allocations for many of the key actors responsible for disaster preparedness, including utilities and Local Governments. As findings emerge from Disaster Adaptation Plans, it will be critical to identify the role IPART can play in funding actions that key service providers need to implement to enable place-based adaptation.</p>	<ol style="list-style-type: none"> <li>Update IPART Terms of Reference to include mandatory consideration of climate change adaptation</li> <li>Engage with IPART on the findings of Disaster Adaptation Plans, to determine how IPART can play a more of a leading role in addressing adaptation to natural disaster and climate change, especially relating to funding of local government and pricing of key infrastructure services</li> </ol>	<p><b>Proposed Lead:</b> NSW Minister for Planning</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>IPART</li> <li>NSW Office of Local Government</li> <li>Utilities</li> <li>Local Government</li> <li>NSW Department of Planning</li> <li>NSW Treasury</li> </ul>
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## NEW: MANAGE RESIDUAL RISK (Year 3)

### 9. Undertake an Integrated Strategic Assessment for Greater Sydney

<p>As our population grows, some parts of Sydney will adapt to a changing climate, others will experience rapidly increasing risk. We need an approach that identifies the options that enable Sydney to adapt to these changes, and make informed decisions about where and how to grow, and where growing would bring unsustainable risk.</p>	<ol style="list-style-type: none"> <li>Undertake an integrated strategic assessment for Greater Sydney that builds on Disaster Adaptation plans and enables adaptive planning pathways for the region.</li> <li>Embed deliberative decision making with First Nations groups, community and other stakeholders around emerging problems and possible solutions</li> <li>Determine the costs and benefits for risk mitigation at household, suburb, catchment, LGA and region scale, including by connecting housing and asset typologies to hazard exposure</li> </ol>	<p><b>Proposed Lead:</b> NSW Reconstruction Authority</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>NSW Treasury</li> <li>NSW Department of Planning</li> <li>Local Government</li> <li>Utilities / Telcos</li> <li>Private Sector/ Insurers</li> <li>Local Aboriginal Land Councils/ Aboriginal Corporations</li> </ul>
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### 10. Develop a NSW policy and guideline for planned relocation

<p>Tens of thousands of homes in Sydney are currently at risk, and this number is only expected to grow. Moving communities out of the way of climate risk will both reduce risk to life and to property, and reduce the future burden on funding response and recovery.</p>	<ol style="list-style-type: none"> <li>Develop a State level policy and guideline for planned and community led relocation, informed by lessons from the NSW Northern Rivers, Brisbane and overseas</li> <li>Identify criteria and receiving areas for possible future relocation of residents of high risk climate zones.</li> <li>Create alignment between planned relocation and local government housing targets.</li> <li>Identify and pilot financial mechanisms to transfer development out of high risk zones</li> </ol>	<p><b>Proposed Lead:</b> NSW Reconstruction Authority</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>NSW Department of Planning</li> <li>NSW Treasury</li> <li>Local Government</li> <li>Insurers/ Banks</li> </ul>
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### 11. Evaluate progress towards a more climate adaptive Greater Sydney

<p>There are many programs underway to respond to, and prepare for, changing natural hazard and climate risk. Given the growing risk to life and assets, there is a clear need to review to what extent these efforts are contributing to a more adaptive city, and reducing the risk to communities across Greater Sydney.</p>	<ol style="list-style-type: none"> <li>Review the effectiveness of Disaster Adaptation Planning across Sydney, including changed awareness of flooding and climate risk.</li> <li>Evaluate the progress of lifeline Infrastructure agencies in coordinating, funding and delivering climate adaptive investment plans</li> <li>Monitor progress on dwelling and asset exposure through land use planning in the 2023 Six Cities Region Plan and City Plans to inform the development of the 2028 revisions.</li> <li>Identify how changes in funding decisions – at State and Federal level – have contributed to enabling or constraining key service providers</li> </ol>	<p><b>Proposed Lead:</b> NSW Reconstruction Authority</p> <p><b>Key Collaborators:</b></p> <ul style="list-style-type: none"> <li>NSW Department of Planning</li> <li>Greater Cities Commission</li> <li>Resilient Sydney Office</li> <li>Local Government</li> <li>IPART</li> <li>NEMA</li> <li>Utilities</li> </ul>
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