

**Submission
No 60**

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

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c/- The Director
Portfolio Committee No. 7 - Planning and Environment
Parliament House, Macquarie Street, Sydney NSW 2000

Dear Sue,

Submission to the inquiry into the planning system and the impacts of climate change on the environment and communities

Thank you for the opportunity to comment on the terms of reference for the inquiry into the planning system and the impacts of climate change on the environment and communities.

Introduction

The City of Sydney ('the City') welcomes the Parliamentary inquiry under Portfolio Committee No.7 Planning and Environment. Climate change is a critical issue for Sydney that is inextricably linked to the health of our communities and of the natural and built environment, as well as the liveability of the place and our future economic prosperity.

It is understood that the objectives of the inquiry are to examine:

- developments in flood and fire prone areas, areas vulnerable to rising sea levels, coastal erosion or drought conditions, and in areas that are threatened ecological communities or wildlife habitats;
- the adequacy of planning powers and planning bodies to review development approvals, taking into account the cumulative impacts of development, climate change, natural disasters, biodiversity loss and changing social, economic and environmental circumstances;
- short, medium and long-term planning reforms that may be necessary to ensure communities are able to mitigate and adapt to conditions caused by changing environmental and climatic conditions.

The City acknowledges the significance of issues targeted by the inquiry. This submission outlines how the City works to address the impacts of climate change and makes recommendations for the NSW Government to consider.

Current context

The planning system plays a critical role in managing the impacts of climate change, and supporting resilient, sustainable and liveable communities. Land-use planning decisions have far-reaching and long-term consequences as to how exposed people, and the natural and built environment are to future natural hazards risks and climate change impacts.

As the impacts of climate change are manifest in destructive events such as floods, bush fires and coastal erosion, the issue of properties becoming uninsurable increases the impact on communities and the financial risk to government. Planning system decisions and the supporting investment associated with them need to facilitate communities and the natural environment to flourish in a changing climate.

As a systemic risk, all levels of government have the responsibility to manage the physical risk, transition risks and legal liability of climate change. Extreme climate and weather events across NSW, particularly recent flooding events, heat waves and bushfires have revealed the vulnerability of local government and their communities to climate extremes. The City recognises that it has a duty of care to ensure that land-use planning decisions do not create the potential for significant, unmanaged exposure to hazards. Navigating the balance between pressures to facilitate housing supply and the responsibility to reduce the exposure to hazards on life, property and the environment is becoming increasingly challenging.

Currently, there is a shortfall in the tools and mechanisms available to local government to implement the NSW Government's climate change policy directions that have been established within broader strategic documents, such as the NSW Climate Change Adaptation Strategy, the Natural Hazards Package and the Resilience Outcomes Report.

To equip councils to deliver on these directions, the NSW Government needs to model a best practice approach to climate change and adaptation within the statutory framework and encourage local initiatives that can respond to emerging environmental challenges. This intervention to give statutory effect to key resilience strategies, plans and guidelines, will support councils to make decisions and minimize the burden of considering risks and legal liability when independently pursuing policy response options.

The City continues to increase its resilience to the impacts of a changing climate through strategies that anticipate and plan to manage the likely risks that threaten our city. The City has worked extensively to build community capacity in resilience through community engagement. NSW Government intervention through amendments to State Environmental Planning Policies, the provision of financial support and establishing a consistent position on climate projections and modelling is required to enable the City to

take the next steps and utilize planning mechanisms to reduce climate risk, exposure and impacts.

Climate risks facing the City of Sydney and how they are addressed through the existing planning framework

Heatwaves, storms, drought and flooding are natural hazards that are already impacting Sydney and posing significant risks to the wellbeing of the community, the natural environment and the operation of the City's services and assets. For the city, the changing climate will likely mean an increase in average temperatures and number of extreme heat days, variability in annual rainfall with an increase in extreme rain events, an increase in drought conditions and an increase in sea levels.

The City shares a strong appreciation of the significance of issues targeted by the inquiry and has worked to address the impacts of climate change on the City and its community, as evidenced by the actions in our major strategies, including:

- *Sustainable Sydney 2030-2050 Continuing the Vision (2022)*
- *Environmental Strategy (2021-2025)*
- *Adapting for Climate Change: A long term strategy for the City of Sydney (2015)*
- *Resilient Sydney – A Strategy for City Resilience (2018)*
- *City Plan 2036: Local Strategic Planning Statement (2020)]*
- *Draft City of Sydney Resilience Plan 2023*

The Australian Institute for Disaster Resilience (AIDR), as part of their Handbook Collection, outlines a set of nationally agreed principles for land use planning for disaster resilient communities. These high-level principles set the national standard for disaster resilience practice. At a state level, the Department of Planning and Environment's ('the Department') Handbook for the Strategic Guide to Planning for Natural Hazards (2021) identifies eight guiding principles to support communities to be more resilient to natural hazards through strategic land-use planning. The NSW Government has released policies, management manuals, toolkits and guides pertaining to planning for changing environmental and climatic conditions, in line with these guiding principles. The City is inclined to embrace these principles and seeks to implement them in line with best practice recommendations, however, without direction and leadership for how these principles can be introduced to a statutory framework, it will be challenging to achieve most of these objectives.

Recommendation 1: For the NSW Government to review the legislative framework for opportunities to require the consideration of climate change impacts within the planning system in line with the agreed information assets for climate change projections, climate modelling, rainfall, bushfire risk, heatwaves, air quality and sea level rise assumptions contained within the NSW Common Planning Assumptions.

Notwithstanding this, the City recognises the role it has in managing climate change impacts through land-use planning, development consent and asset management and protection. In developing the Adapting for Climate Change Strategy (2015), the City undertook a rigorous risk assessment process to identify and rank the climate risks that face us. This was conducted with the view to develop priority climate adaptation actions. Some of these risks, including flooding, bushfire and drought conditions, and rising sea levels are included in the terms of reference for this inquiry. Despite not being included in the terms of reference, the risk assessment identified that the impacts of heat are the primary climate risk facing the City. Given this, heat is a key consideration for the City's submission for this inquiry.

Changing rainfall patterns and flooding

Whilst the City of Sydney local government area rarely experiences catastrophic flooding, it does experience flash flooding during rainfall from severe weather and storms. Increased rainfall intensity will create increased frequency and severity of flash flooding throughout the city with low-lying areas and developments bearing the brunt of the damage and cost to both property and infrastructure.

The City manages some of these impacts through the existing planning framework. The Sydney Development Control Plan (Sydney DCP) contains requirements relating to flooding, water management and water sensitive urban design. The Sydney DCP sets targets for water management, including stormwater quality, stormwater quantity and flooding. Through these controls, proposed development is required to demonstrate how these targets are achieved, including through water sensitive urban design measures.

Following the 2022 NSW Flood Inquiry, the NSW Government strengthened planning rules to better protect and manage new development in areas that could be at risk through introducing a compulsory flood planning clause into the Standard Instrument. The City also has mechanisms through the Sydney DCP and Interim Floodplain Management Policy to facilitate the management of flood risk.

The NSW Flood Risk Management Manual 2023 and accompanying toolkit provides guidance for councils to consider impacts of climate change, cumulative impacts of future development in the catchment and future land use changes in the catchment while undertaking flood studies and floodplain risk management studies and plans. The manual scenarios provide guidance on understanding of the potential impacts of climate change on flood behaviour that needs to be considered in managing flood risks.

The City has completed flood studies and floodplain risk management studies and plans in accordance with the NSW Flood Prone Land Policy, which takes into consideration limited climate change impacts of increased rainfall intensities and sea level rise, to the extent possible, without standardised projections against government agreed climate scenarios. Nevertheless, the City plans to review and potentially update all flood studies and floodplain risk management studies and plans in accordance with recently published NSW Flood Risk Management Manual 2023.

Sea level rise

Across Australia, the rates of sea level rise to the north and southeast of Australia have been significantly higher than the global average. Irrespective of strategies to reduce greenhouse gas emissions, sea level is expected to increase for many centuries due to the short-term irreversibility of ice sheet melting. The pace and scale of sea level rise over the next 100-150 years will depend on the rates of global emissions over the next few decades. The NSW Government needs to set clear, defined projections for councils to use and define risk tolerances for us that are then able to stand up to scrutiny and be defensible as appropriate.

Sea level rise data from the Port Kembla monitoring station shows that between 1991 and 2021, mean sea level rose by 10cm. For Sydney Harbour, IPCC AR6 model predictions suggest a likely sea level rise between 0.21–1.06m by 2100, however, this will depend on global greenhouse gas emissions over coming decades.

The risks of sea level rise are at times controversial and whilst coastal councils differ in their responses, the risks are broadly universal and include:

- *Increased financial burden*

Rising sea levels, coastal inundation and saltwater intrusion will increase the financial burden for maintenance and protection and threaten the financial value and viability of properties and infrastructure along foreshore areas. This includes homes, businesses, coastal assets and open space areas such as parks and gardens. The risk also highlights the issue for property developers and owners of disclosing that properties are within hazard zones, and what conditions of consent for development are needed in these areas. The risks may result in properties being unable to insured or mortgaged in the lifetime of buildings being built now.

- *Reduced accessibility and aesthetics*

Rising sea levels and coastal inundation could have the potential to reduce access to and the aesthetic qualities of both private and public foreshore amenities. Potential erosion of places of Indigenous cultural or community significance along the foreshore is a risk.

- *Impeded transport*

Rising sea levels and coastal inundation could impact transport both directly along the foreshore areas and with consequential effects across the wider transport network. This may include ferries, footpaths, roads, light rail, heavy rail, Metro and Sydney Airport.

Some councils have addressed coastal and estuarine planning levels in their planning controls. City Plan 2036 includes Action S3.1 (g) to seek NSW Government leadership to implement a consistent approach to address long-term sea level rise across affected areas. A clear and well-communicated planning framework for sea level rise would alleviate much of the stress generated by planning for rising sea level for residents, developers and councils. It will also minimise duplication of work across LGAs and better prepare the community, land and asset owners.

Recommendation 2: For the NSW Government to establish a consistent position and standard published projections on sea level rise and storm surge for council use based on the latest studies and modelling by the Office of Environment and Heritage.

The City of Sydney's 2015 Adapting for Climate Change Strategy identified sea level rise as one of six top physical risks that the city faces because of climate change. The 2015 Strategy identified the likely inundation that would occur by the end of this century, assuming that the sea level had risen by 90 cm and a 1 in 100 year storm surge occurred. The areas around Garden Island, Woolloomooloo, Farm Cove, Bicentennial Park (Glebe) and the Alexandria Canal will be most impacted.

There needs to be whole-of-government long-term planning at Woolloomooloo where the NSW Government is the majority landowner and manager of one the City's larger social housing estates. Woolloomooloo is one of the City's precincts and communities most at risk of climate change impacts, including sea level rise. Whilst the risks are not immediate, current analysis identifies those risks will increase gradually over several decades. Sea level risks in Woolloomooloo include:

- *Increased financial burden*

The NSW Government and the Federal Government are major landowners within the Woolloomooloo precinct – the NSW Government in the form of land owned by the NSW Land and Housing Corporation and Transport for NSW (the Eastern Suburbs line) and the Federal Government in form of the naval base at Garden Island.

- *Reduced accessibility and aesthetics*

The Woolloomooloo foreshore forms a vital part of Sydney's iconic Sydney Harbour cultural and tourism precinct. Potential erosion of places of Indigenous cultural or community significance along Sydney Harbour foreshore is a risk. There is potential that impacts to the foreshore may also impact events hosted in these areas such as Vivid and the New Year's Eve and Chinese New Year celebrations.

The NSW Government should be working now on an approach to address this hazard, with a particular focus on flood, coastal inundation, urban heat, social/community resilience and the optimum urban response. Regarding sea level rise broadly, the City's efforts to date have been somewhat limited to planning and development controls, and floodplain management planning, but in both instances, a cautious and measured response is noted due to limited State Government direction, support, and guidance. The City will continue to support and contribute to regional alliances addressing sea level rise and coastal inundation risks through the current coastal management planning underway for Sydney Harbour and the Cooks River Coastal Management Program.

Recommendation 3: For the NSW Government to collaborate with the City on a Resilience and Adaptation Strategy for the Woolloomooloo Catchment with a particular focus on flood and coastal inundation adaptation.

Threatened ecological communities

The City's Urban Ecology Strategic Action Plan (2014) lists climate change as a threat to biodiversity, as it has the potential to alter the distribution, abundance, and availability of habitat for both Indigenous and exotic species. The City is not currently experiencing impacts to biodiversity, however active efforts to restore, enhance and protect habitat are included as actions under the Urban Ecology Strategic Action Plan (2014).

Urban heat and heatwaves

Although not explicitly considered in the terms of reference – 'heatwaves' is included under the definition of 'disaster' under the NSW Reconstruction Authority Act 2022 and is included in the natural hazard considerations within the Department of Planning and Environment's Handbook for the Strategic Guide to Planning for Natural Hazards (2021).

Heatwaves and heat stress in general is Australia's leading cause of death by natural disaster. This is likely to become more severe with climate change, with modelling predicting that NSW will experience two to three times more days over 35 degrees Celsius over the next 50 years. The high-density built environment of the city exacerbates the urban heat island effect by 1–3 degrees in air temperature (both day and night) compared with other lower density areas. Heat is the primary climate risk facing the city, and therefore addressing the impacts of increased heat through land-use planning considerations is critical.

- *Thermal performance of buildings & the Sustainable Buildings SEPP*

City Plan 2036 outlines strategies to reduce the urban heat island effect, including increasing landscaping and canopy cover, and using light-coloured, reflective or 'cool' materials. City Plan 2036 includes Action S3.1 (e) to investigate controls to reduce the impact from heatwaves and the urban heat island effect. The City is preparing planning controls to increase canopy and greening and is investigating how the shading of buildings can reduce heat for those in the public domain and for occupants.

Greater direction from the NSW Government is required to support councils to implement local controls to reduce these impacts. This leadership should involve amendments to State Environmental Planning Policies (SEPPs), for example to the *State Environmental Planning Policy (Sustainable Buildings) 2022* (Sustainable Buildings SEPP) to revise Clause 2.2(1)(b) to provide more certainty for the introduction for controls that mitigate urban heat. For example, under the current framework there is a risk that local council controls for light-coloured materials, external sun shading and solar reflectivity could be challenged because they improve thermal comfort as well as mitigating the heat reflected into the public domain.

Recommendation 4: For the NSW Government to revise the clause in the Sustainable Buildings SEPP which may limit the ability for a competing local council provision to improve a building's thermal performance to enable provisions that mitigate urban heat impacts.

Several important aspects of urban heat may overlap with the Sustainable Buildings SEPP. As this SEPP prevails where there are competing provisions, the City has to frame urban heat controls in a certain way to address urban heat challenges related to thermal comfort within residential buildings. Therefore, the City advocates for stronger thermal comfort targets, for the improvement of the way the National House Energy Rating Scheme (NatHERS) is used through the Building Sustainability Index (BASIX) and makes recommendations regarding alternative approaches.

Firstly, there are existing issues of quality assurance and compliance with the use of the NatHERS to complete the thermal performance section of the Building Sustainability Index BASIX.

NatHERS relies on three Assessor Accreditation Organisations (AAO) to apply quality assurance (QA) for NatHERS assessors accredited with them. Currently the details of the QA process and findings of any QA obligations are not available to consent authorities. This leads to conflict of interest and integrity concerns, given the reliance of AAOs on the membership fees from assessors they are meant to govern, with assessors free to choose between the three AAOs. This potential lack of transparency in the governance of the NatHERS rating system, combined with a potential conflict of interest for robust QA assessments affects the integrity of the system to deliver the expected thermal performance outcomes.

Secondly, the inadequate and conflicting documentation used to support NatHERS ratings for apartments has been a persistent issue for consent authorities. The City has previously undertaken a desktop review of NatHERS certificates for Class 2 buildings in the City of Sydney, City of Parramatta, Wollongong, and the Central Coast. This review assessed the alignment between apparent visible modelling inputs declared in NatHERS certificates, the architectural drawings submitted as part of formal DA documentation and the BASIX Thermal Protocol/NatHERS Technical Notes. The review found that thermal performance modelling compliance is patchy.

Additionally, to re-engage designers, a set of design standards and easy to use tools similar to those created for single dwellings, should be created for other developments so that the simulation method is not required.

Recommendation 5: For the NSW Government to investigate addressing the quality assurance and compliance issues identified with the National House Energy Rating Scheme.

Recommendation 6: For the NSW Government to investigate establishing an alternative approach that doesn't require the simulation method through the National House Energy Rating Scheme to be used.

Natural cross ventilation is recognised as one of the best strategies to obtain indoor comfort conditions and reduce the impacts of heatwaves and heat stress in buildings, especially in residential situations. There are also benefits in reducing reliance on

mechanical ventilation and air conditioning. At present, there are issues with the Apartment Design Guide design criteria for cross-ventilation standards.

As proposed by the draft Design and Place SEPP, a standard method of measurement needs to be applied to provide greater clarity and consistency about the measurement of cross-ventilation. For the future, the design criterion for 60% apartments is too low. The rates should be increased to 80-90% in response to future heat stress.

Recommendation 7: For the NSW Government to revisit the Apartment Design Guide to include a standard method of measurement for natural cross-ventilation and to consider amending the standards to substantially increase cross-ventilation requirements.

- *Mechanisms to address the urban heat island effect*

The draft Design and Place SEPP was the first state planning policy that sought to address the urban heat island effect. The City welcomed the recognition of heat as a key issue and the proposed inclusion of light colour roof requirements and requirements for shading glazed facades. Notwithstanding the above recommendation regarding the competing local provision clause in the Sustainable Buildings SEPP, it is recommended that the implementation of requirements for heat-mitigating design criteria be reconsidered.

Recommendation 8: For the NSW Government to revisit implementing lighter colour roofs, external sun shading and solar reflectivity requirements for shading glazed facades through legislative change.

The draft Design and Place SEPP proposed the use of deep soil and canopy cover targets in the design criteria, allowing for local controls to take precedence where their requirements are greater. The City strongly supported minimum requirements of these proposed enhancements to amenity standards, as outlined in the City's submission to the Explanation of Intended Effect for the draft SEPP. These proposed criteria would have improved passive sustainable building design, supported larger and healthier trees and ensured the delivery of tree canopy cover that is needed to address urban heat, stormwater management and the maintenance of soil integrity.

Recommendation 9: For the NSW Government to revisit implementing minimum deep soil and canopy cover requirements through legislative

The City is a strong advocate for both aerial bundled cabling and undergrounding of cables to improve electricity infrastructure and minimize the need for network tree trimming. Replacing this legacy infrastructure would help to reduce the burden of climate

risks on communities and augment the City's efforts to increase the urban canopy and use of trees to mitigate urban heat.

Recommendation 10: For the NSW Government to support efforts to progress a positive resilience outcome with better electricity infrastructure through the Australian Energy Regulator's determination of Ausgrid's revenue proposal for the 2024-2029 regulatory period.

- *Implementation of the Cool Suburbs Tool in the planning framework*

The City strongly supports the integration of the Cool Suburbs Tool into the planning framework. If a version was to be developed that would be appropriate for higher intensity land use, it would be a useful tool for Stage 1 development assessments. The City supports the program of works of the recently established Greater Sydney Heat Taskforce, including:

- the development of the Heat Smart City Plan
- expanding the heat resilience rating and assessment tool, 'Cool Suburbs'
- developing a heat risk methodology
- developing a heatwave management guide

Recommendation 11: For the NSW Government to integrate the Cool Suburbs Tool into the assessment process and to continue to support the Greater Sydney Heat Taskforce's program of works.

The adequacy of planning powers to review development approvals and consider the costs of climate risk

Planning is an important tool for driving adaptation to climate change and reducing the exposure of people, the natural and built environment to climate risks. However, there is a tension between planning's traditional 'set and forget' approach through the issuing of consents and the change our environment and communities will experience from changing climatic conditions. There needs to be improved capacity to adaptively manage land use post approvals.

The evolving data and science on climate change and changing technology highlights the need for a more adaptive planning system. Development rights have been established and taken up long before the worsening impacts of climate change have been known.

Currently, there are limited feasible options for councils to review, amend or revoke development approvals. Councils can revoke or modify a consent if it is of the view that the development does not align with the provisions of any proposed local environmental plan (LEP) or SEPP under s4.57 of the EP&A Act. However, as this can only be done

after consultation with persons who would be adversely affected by the revocation or modification, and the Act affords each such person the entitlement to recover compensation from councils.

This is not a planning power that is often used despite development in areas exposed to climate change impacts creating significantly increased costs to community and government, such as the costs of retrofitting with engineering solutions, rescue, rebuilding, relocation, not to mention social impacts. These costs would often far outweigh the costs of removing development approvals and the value those approvals have created, however councils can't take on the financial risk of reviewing approvals alone.

A review of these barriers for councils to account for the impacts of climate change, natural disasters and changing environmental circumstances through a statutory response would enable the planning system to be more adaptive to evolving data and science. The ability to recover compensation from council is the reason such a path is not followed, especially for rural and regional councils that may not have cash reserves. As such, a mechanism for a centralised scheme to allow councils to access funding to enable them to modify, amend or revoke a consent issued would be an appropriate consideration.

Recommendation 12: For the NSW Government to address the barriers to utilising planning powers to review, amend or revoke development approvals through legislative change.

Recommendation 13: For the NSW Government to consider a centralised scheme to allow councils to access funding to enable them to modify, amend or revoke development approvals without taking on unmanageable financial risk.

How the NSW Government can support the City to better manage and plan for the impacts of climate change

A policy framework for heat mitigation

As identified by Western Sydney Regional Organisation of Councils (WSROC) in the Urban Heat Planning Toolkit (2021), there is a lack of heatwave risk management guidance at NSW Government level. For other natural hazards such as flooding, coastal erosion and bushfire, there are strong links between relevant legislation, guidelines and the planning framework. This means that any local planning provisions introduced into LEPs (both those made compulsory and optional) and DCPs surrounding these issues are backed by consistent, state-wide legislation. A revised flood management policy, the introduction of the NSW Reconstruction Authority, and the preparation of the NSW's first State Disaster Management Plan reflect the NSW Government's response to the 2022 NSW Flood Inquiry. However, connecting other climate risks and strategic land use planning remains a work in progress.

The development of a legislative and policy framework at this same level for heat-mitigating urban planning is imperative. This state-level support would alleviate the risks and uncertainties councils face when they independently pursue introducing local planning provisions to manage climate change risks and impacts.

Recommendation 14: For the NSW Government to develop a legislative and policy framework for heat-mitigating urban planning.

Current and usable data and modelling

One of the Australian Institute for Disaster Resilience's (AIDR) twelve principles for land use planning for disaster resilient communities promotes the use of scenario testing and data analysis, to support evidence-based land use planning processes. Making data available and easy to understand is essential for local government to be able to prepare for climate impacts and understand the risks they face. Data-driven processes and decisions, and the ability for councils to demonstrate concepts with data are essential.

The lack of up-to-date data and scenario projections is a barrier to planning for disaster resilient communities in alignment with the best practice AIDR principle. Councils are left to fill gaps and refresh data studies on their own, which places a strain on resources and means the wider, regional considerations are lost.

The current offering of NARClIM has the potential to be more useful at the local government area scale. It is understood that the development of NARClIM2.0 is underway and due for release in 2023. It is crucial that this next generation of NARClIM data is released as soon as possible and is available at a resolution appropriate for local government areas. The climate modelling analysis associated with this data is required at ABS Statistical Area Level 2.

Climate related indicators previously released with the 2016 Census data such as the Heat Vulnerability Index were used by the City, for example to inform tree planting plans to prioritize heat adaption and green cooling methods in areas most vulnerable to heat. These datasets should be made available in the future, regularly updated to provide councils with the evidence base to inform and support climate change adaptation strategies.

Recommendation 15: For the NSW Government to release updated climate projections and climate modelling analysis at a useable resolution for all local government areas.

Recommendation 16: For the NSW Government to release the datasets for climate related indicators with each Census.

Funding climate resilience and adaptation

The NSW Government's floodplain management grants support local government to manage flood risk as they implement the Flood Prone Land Policy. The program funds the preparation of a flood study, a floodplain risk-management study, an investigation, design or feasibility study and implementing actions identified in a floodplain risk management plan. A funding program similar to this is needed to provide financial support to councils to help them manage other climate risks in their area, such as heat and extreme rainfall.

Recommendation 17: For the NSW Government to develop a program that provides financial support to local councils to help them manage climate risks in their area

One AIDR principle for land use planning for disaster resilient communities calls for the use of the full range of mechanisms available to treat disaster risk and to emphasise forward planning to reduce exposure and vulnerability. Councils rely on local infrastructure contributions to fund new infrastructure to support new development and population growth. The City has been advocating for the Independent Pricing and Regulatory Tribunal (IPART) to enable funding of climate resilient infrastructure for new development.

An example of key enabling infrastructure provision is the trunk stormwater drain for floodwaters jointly delivered by the City and Sydney Water Corporation to facilitate the development of Green Square Town Centre. This \$140 million project - and without it - flood risks would have prevented the planned degree of development from going ahead.

In this case, the City successfully navigated the competing priorities of facilitating housing supply and the responsibility of reducing natural hazard impacts on life, property and the environment. However, this is not a funding option that can be replicated for smaller scale development or across the whole local government area. Harnessing the recently introduced Housing and Productivity Contributions (for consents made on or after 1 October 2023) as a mechanism to fund these structural adaptation measures such as flood risk mitigation infrastructure, would provide the means for councils to facilitate housing delivery on behalf of the state, whilst reducing the risk of disasters, and the physical, social and economic losses associated with them.

Recommendation 18: For the NSW Treasury /IPART to document a clear mechanism for local government to have approved costs for essential climate change adaptation infrastructure from the Housing and Productivity Contribution fund.

Managing the impacts on housing supply

Housing supply is implemented across all levels of government and the private sector. The Federal Government has set targets for states and the NSW Government sets targets in regional and city plans for each local council. Councils then prepare local strategic planning statements, housing strategies and local environmental plan amendments to facilitate the supply of land and development capacity for housing.

The NSW Government and councils are responsible for the enabling infrastructure such as transport, roads, water, schools, hospitals and parks. The private sector is then responsible for building the housing on the zoned land and contributing to the infrastructure.

For this process to be effective, housing targets must be based on the best available information about the capacity of land to provide housing. This includes whether the land is or will become affected by climate change impacts that cannot be managed. Local councils typically have the best available information on the suitability of land for development. The process also needs to consider the distribution and re-distribution of housing across a region, which could reveal better housing supply opportunities than re-distribution within a council alone.

The top-down approach to housing targets may result in targets that cannot be achieved and disincentivises adaptive approaches to land impacted by climate change.

It is the City's experience that close collaboration, input and information sharing towards the setting of targets has not occurred in the current region and district plans and the forthcoming draft region and city plans.

The City strongly encourages a more collaborative approach to setting housing targets along with the integration and sharing of best available evidence. This would allow climate change impacts to be avoided or managed and while also establishing the best housing supply opportunities.

To speak with a Council officer about this submission please contact Angela Smidmore, Specialist Planner

Yours sincerely,

Graham Jahn AM LFRAIA Hon FPIA
Director
City Planning | Development | Transport