

**Submission
No 68**

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

Organisation: Business NSW.

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BUSINESS NSW

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Portfolio Committee No. 7 – Planning and Environment
Legislative Council
6 Macquarie Street, Sydney
NSW 2000

Dear Committee

Inquiry into the planning system and the impacts of climate change on the environment and communities

As NSW's peak business organisation, Business NSW has almost 50,000 member businesses across NSW. We work with businesses spanning all industry sectors including small, medium, and large enterprises. Operating throughout a network in metropolitan and regional NSW, Business NSW represents the needs of business at a local, state, and federal level.

Addressing the impacts of climate change on the environment, communities and the planning system entails not simply restricting development where it is more exposed to natural disasters, but crucially by facilitating much more development in the most resilient parts of the state, especially Sydney.

Everybody deserves a place to call home but in NSW we are faced with a housing crisis that threatens this basic, very human expectation. The housing crisis presents a policy challenge of extraordinary urgency, and demands bold political, community and industry leadership.

However, issues with approvals of development are not restricted to housing. Businesses developing their own premises also face slow-moving processes for the approval of Development Applications, and an ever-growing set of compliance requirements in relation to environmental impacts.

Business NSW is also highly conscious of the challenges being presented to businesses and households by the increasing costs and decreasing availability of insurance, especially in location which are at higher risk from, or have growing value exposed to, floods and bushfires. Upcoming research from Business NSW will describe the impacts of this problem on the NSW business community and propose options to remedy the problem. However, there is a clear linkage between planning decisions that enable, and in some cases encourage, development in higher-risk locations, design decisions around construction and resilience, and the affordability of insurance to property owners and to wider society.

Yet because in NSW there exist significant barriers to development and densification in the parts of the state best suited to housing, instead over recent decades development has been pushed out further to the periphery of Sydney and other communities. Development has been forced into, as the terms of reference describe, "flood and fire prone areas or areas that have become more exposed to natural disasters as a result of climate change".

Solving the problems identified by the committee in the terms of reference requires the strategic rethinking of the state's housing policies. It is not a problem that can be solved simply by excluding ever-larger areas from development; it necessitates the opening up to much greater housing density of the most suitable locations.

Through the Housing Now! Coalition which Business NSW is spearheading, we call for several reforms which can help accommodate housing development where it is both most needed and best suited:

- Rezoning need to be prioritised and timelines shortened, particularly where they are around train stations and corridors. A template approach to rezonings around transport nodes, including Sydney Metro and Train Stations along with increased density around Light rail stops will fast-track housing delivery. Housing supply that is close to where people work across Sydney is key to seeing our city continue to grow and increase its productivity while also reducing carbon emissions through more public transport use.
- The new NSW Government has stated that they will look to redevelop Government land with 30% social and affordable housing. This is a good start, but the government will also need to look at how they use taxpayers' money and planning powers to deliver this housing in all parts of Sydney and other communities with housing stress across the state.
- Technology that can reduce the cost of housing at speed through the modularisation of building components should be pursued. Design for Manufacture and Assembly (DfMA) is used widely across the world and in other states of Australia. High quality housing, at scale, with speed.
- There is a strong need for systemic reform to the planning system. The system now takes far too long to navigate, and it is overly burdensome and creates uncertainty for developers and community alike. All of this flows through as additional cost added to the purchase price of a new home. A developer holding land for seven years waiting for a DA incurs significant holding costs which they must recover. Artificial intelligence also has a role to play in reducing the processing times for development applications, especially for the less complex residential developments.
- The NSW Government needs to incentivise councils financially to exceed delivery on their housing targets. Additional funds will allow councils to provide more local infrastructure that can be tied to the provision of amenity to support new housing developments such as parks, pools, and community facilities.

Business NSW is concerned that, absent the reforms proposed above, actions to further constrain development due to (valid) concerns about climate change impacts would ultimately exacerbate the state's housing crisis and undermine the objective of improving housing resilience for NSW's citizens. We are also concerned that they could act as a further drag on the productivity of NSW's businesses, deterring investment where a DA or other planning permit is required. We are particularly concerned that any additional powers for local councils "to review amend or revoke development approvals", in the absence of countervailing reforms to facilitate development in more suitable places, will reinforce their current status as the most significant blockages to new housing.

We presently observe numerous cases where arguments over responsibilities between local and state governments result, through lack of action, in worsening the impacts of disasters. For example, on the Central Coast there is dispute between local council and state governments as to who is responsible for securing the safety of the land underpinning houses along the beach of Wamberal, while in 2021 major flooding at The Entrance was exacerbated by the channel entry not being dredged properly by council.

There is no doubt that around the state planning departments are under huge stress, particularly now we have an affordable housing shortage affecting NSW. In regional areas, planning delays are attributable to biodiversity issues, shortages of local planners, the inability for councils to service new lands and the inefficiency of local planning not working well with the state planning process. The capacity for local councils to plan for climate change on top of their existing duties will be challenging and as long as they have to deal with a complex regulatory landscape, they will continue to underserve their communities. In improving the productivity of planning departments given their resourcing and staffing constraints, Business NSW believes that Artificial intelligence also has a role to

play in reducing the processing times for development applications, especially for the less complex residential and commercial developments.

The time has come to eliminate obstacles to housing growth and business expansion, bury the NIMBY culture that pulls up the ladder from the grasp of future generations, and apply innovative thinking to drive the reform and housing delivery outcomes our state needs. We are at risk of making NSW less competitive, and less just, if we do not address this historic problem while we take the important step of increasing skilled migration into our state.

Yours Sincerely,

David Harding

Executive Director
Business NSW