

Adoption - Sector Sustainability Plans

File No: S123730

Summary

This report recommends that the final versions of two Sector Sustainability Plans (the Plans): Making Sydney a Sustainable Destination and Sydney's Sustainable Office Building Plan, be adopted by Council.

On 19 February 2018, Council approved placing the draft plans on public exhibition, which then occurred from 20 February 2018 to 17 April 2018. Key stakeholders were consulted as part of the public exhibition process, via briefings, emails and promotion of the plans in industry publications. In response to the public exhibition, the City received 18 submissions, which are summarised in Attachment A.

Strong support for both plans was a common theme of the submissions received. Where appropriate, the plans have been amended in response to the issues raised, as outlined in Attachment A. The final plans are included at Attachments B and C.

The Plans take a customer perspective with the aim to increase uptake of environmental action by key stakeholders within the sectors – building developers, owners, tenants, industry groups and government departments. The plans outline actions for industry to take, and also identify a range of actions that the City will take to support the sector. The Plans are a platform for collaboration with industry sectors and other levels of government to catalyse action to achieve the environmental targets set for the local government area in Sustainable Sydney 2030 and Environmental Action 2016 - 2021.

Making Sydney a Sustainable Destination targets energy use, carbon emissions, water use and waste generation within accommodation and entertainment buildings – hotels, backpackers, serviced apartments, major entertainment venues, theatres and pubs and clubs. Through delivery of the industry and City actions in this plan, sector emissions could reduce by 47 per cent by 2021/22 (from 2006 levels); and by 61 per cent by 2029/30 (from 2006 levels). The actions in this plan can also enable the sector to deliver zero increase in potable water use from 2006 baseline by 2021/22; and a nine per cent reduction by 2029/20, achieved through water efficiency and recycled water. It also identifies an increase in resource recovery to divert 70 per cent of waste from landfill by 2021/22, and up to 90% by 2029/30.

Sydney's Sustainable *Office Building* Plan outlines the challenges and opportunities for office buildings, acknowledging different ownership groups for their leadership (institutional owners in the Better Buildings Partnership) and challenges (low engagement and capacity of private individual owners). Through delivery of the industry and City actions in this plan, sector emissions could reduce by 26 per cent by 2021/22 (from 2006 levels), and by 46 per cent by 2029/30 (from 2006 levels). The actions in this plan can also enable the sector to deliver zero increase in potable water use from 2006 baseline by 2021/22, and a nine per cent reduction by 2029/30, achieved through water efficiency and recycled water. It also identifies an increase in resource recovery to divert 70 per cent of waste from landfill by 2021/22, and up to 90 per cent by 2029/30.

These plans have been developed following the City of Sydney's adoption of the first Sector Sustainability Plan, the Residential Apartments Sustainability Plan in August 2015, which addresses the challenges of environmental performance in apartment buildings.

Comprehensive industry stakeholder engagement was undertaken during the development of both plans. Over 40 organisations from the accommodation and entertainment (and events) industry were directly engaged, 83 responded to the phone survey and 16 to the online survey, making a total sample size of 139. Over 40 office stakeholders attended tailored briefings for owners, managers and tenants.

In addition, an external stakeholder Reference Group consisting of key government agencies with a specific interest in environment and planning of the built environment, organisations representing key stakeholders and special interest groups, and energy and water distribution networks, provided advice during the development of the plans.

Recommendation

It is resolved that:

- (A) Council note the Consultation Report from public exhibition of the draft Plans, as shown at Attachment A to the subject report;
- (B) subject to clause (C) below, Council adopt the Making Sydney a Sustainable Destination Plan and Sydney's Sustainable Office Plan, as shown at Attachments B and C to the subject report; and
- (C) authority be delegated to the Chief Executive Officer to correct any minor editorial errors to the Making Sydney a Sustainable Destination Plan and Sydney's Sustainable Office Plan, as shown at Attachments B and C to the subject report.

Attachments

- Attachment A.** Sector Sustainability Plans Public Exhibition Consultation Report
- Attachment B.** Making Sydney a Sustainable Destination
- Attachment C.** Sydney's Sustainable Office Plan

Background

1. The City of Sydney's Sustainable Sydney 2030 vision includes science-based environmental targets including a 70 per cent emissions reduction for the local government area (from a 2006 baseline).
2. Environmental Action 2016 - 2021 (the Action Plan) renewed the City's Sustainable Sydney 2030 environmental targets in line with the Paris agreement, increasing the City's renewable energy target to 50 per cent by 2030 and setting revised water and waste targets. Importantly, the Action Plan includes a goal for net zero emissions by 2050.
3. The Sector Sustainability Plans (the Plans) identify the most effective way for specific sectors of the city's built environment to reduce their environmental impact and contribute towards the ambitious local government area targets.
4. The Plans explore opportunities for reduction, barriers to action in business and community sectors, and stakeholder roles to foster collaboration to achieve cost effective outcomes. The Residential Apartments Sustainability Plan, adopted in 2015, piloted the model and is now being successfully implemented.
5. Sectors of the built environment were targeted because, similar to many cities, buildings are responsible for 80 per cent of the city's emissions. More specifically, the Plans seek to understand and engage those stakeholders who have decision making control or capacity to affect change in these buildings.
6. The office and accommodation and entertainment sectors were selected after a thorough prioritisation process, which considered:
 - Impact: scale of sector carbon, water and waste impact.
 - Opportunity: potential for reduction in carbon, water and waste impact.
 - Engagement: stakeholder networks and influencer channels, existing programs, partnerships and engagement with the sector.
 - Governance: concentration of ownership and management, decision making structures.
 - Capacity: (skills/experience) and capability (time/resources).
7. To date, the City has delivered successful programs targeting the engaged leaders of each sector. The City now needs to build on this to activate broad change across all parts of these sectors – not just the leaders.
8. Targeted engagement with sector-specific stakeholders was conducted to understand what drives each sector to act on environmental opportunities and to create a sense of collective ownership of the City's vision and the Plans. The aim was to motivate stakeholders to act to expedite progress and deliver reductions more quickly and efficiently than would otherwise be possible by the City alone.

9. Technical input was provided by consultants with relevant expertise, who modelled the carbon reduction potential of a suite of cost-effective and practical measures. Both plans identify significant opportunities to achieve environmental outcomes in buildings through changes to state and federal government policy. For example, increasing minimum environmental performance standards in new buildings and major refurbishments, and mandating the periodic disclosure of NABERS performance ratings.

Updates to Making Sydney a Sustainable Destination

10. The Plan has been modified slightly in response to the submissions received, to correct minor errors, incorporate more recent data, and to update the outcomes and actions, as these have been further refined during the process of establishing a monitoring and evaluation framework for the Plan. Changes to the Plan are summarised below:
 - (a) Section 1 - Executive Summary
 - (i) Updated to reflect more recent visitor data.
 - (ii) Minor corrections to anticipated carbon emissions reduction of specific measures.
 - (iii) 'City support' actions updated to align with a refined set of actions developed as the monitoring and evaluation plan has been established. No actions have been removed, however, several have been combined or reworded.
 - (iv) 'City support' action 'Update the Development Control Plan (DCP) to specify minimum waste and recycling storage requirements in buildings' has been replaced with 'Promote the use of the updated Guidelines for Waste Management in New Developments'. The DCP amendment has already been taken to Council, so it was appropriate to update the action to reflect the next step.
 - (b) Section 2 - Our Vision for Sydney as a Sustainable Destination
 - (i) Minor rewording of several outcomes stated in this section to align with the monitoring and evaluation framework for the Plan.
 - (c) Section 3 - About the Sector
 - (i) Updating of economic data about visitors to Sydney. The new figures are from 2017 and reflect the economic impact on metropolitan Sydney, not the City of Sydney as stated in the draft Plan. Data specific to the City of Sydney was not available for a recent reporting period.
 - (ii) Updating of data about the composition of the accommodation market in the City, based on the most recent Floorspace Employment Survey.

- (d) Section 6 - Opportunities
 - (i) Addition of a section outlining the opportunity for the sector to improve its environmental performance by addressing food waste; addition of a case study about the Hilton Sydney's work on food waste. This was in response to a submission received during the public exhibition period.
- (e) Section 7 - Industry Action - and Support from the City
 - (i) As per Section 1, 'City support' actions updated to align with a refined set of actions developed monitoring and evaluation framework for the Plan. No actions have been removed, however, several have been combined or reworded.
- (f) Section 8 - Plan Development and Reporting
 - (i) Addition of content relating to the City's work on development of a monitoring and evaluation plan for the Plan. This was in response to a submission received during the public exhibition period.
- (g) Appendix A - Carbon Reduction Measures, Assumptions and Actions
 - (i) As per Section 1, 'City support' actions updated to align with a refined set of actions developed as the monitoring and evaluation plan has been established. No actions have been removed, however, several have been combined or reworded.
 - (ii) Minor corrections to anticipated carbon emissions reduction of specific measures.

Updates to Sydney's Sustainable Office Building Plan

11. The Plan has been modified slightly in response to the submissions received, to correct minor errors and incorporate more recent data, and to update the outcomes and actions, as these have been further refined. Changes to the Plan are summarised below:
 - (a) Section 1 - Executive Summary
 - (i) Addition of an infographic.
 - (ii) 'City support' actions updated to align with a refined set of actions developed as the monitoring and evaluation plan has been established. No actions have been removed, however, several have been combined or reworded.
 - (iii) 'City support' action 'Update the Development Control Plan (DCP) to specify minimum waste and recycling storage requirements in buildings' has been replaced with 'Promote the use of the updated Guidelines for Waste Management in New Developments'. The DCP amendment has already been taken to Council, so it was appropriate to update the action to reflect the next step.

- (b) Section 2 - Our Vision for Sydney's Sustainable Offices
 - (i) Minor rewording of several outcomes stated in this section to align with the monitoring and evaluation plan that has been established.
- (c) Section 4 - Renewable Energy
 - (i) Renewable energy supply figures updated with more recent data.
- (d) Section 7 - Industry Action - and Support from the City
 - (i) As per Section 1, 'City support' actions updated to align with a refined set of actions developed as the monitoring and evaluation plan has been established. No actions have been removed, however, several have been combined or reworded.
- (e) Section 8 - Plan Development and Reporting
 - (i) Addition of content relating to the City's work on development of a monitoring and evaluation plan for the Plan.
- (f) Appendix A - Carbon Reduction Measures, Assumptions and Actions
 - (i) As per Section 1, 'City support' actions updated to align with a refined set of actions developed as the monitoring and evaluation plan has been established. No actions have been removed, however, several have been combined or reworded.

Key Implications

Strategic Alignment - Sustainable Sydney 2030 Vision

12. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This report and attached plans are aligned with the following strategic directions and objectives:
 - (a) Direction 1 - A Globally Competitive and Innovative City - Making Sydney a Sustainable Destination will expand the City's profile as a sustainable destination showcasing the great environmental aspects of Sydney: clear air, water and the great outdoors, as well as our environmental strategies and achievements. With the International Convention Centre and an increasing amount of accommodation with high environmental performance benchmarks, the City stands to gain a greater share of the growing sustainable business events market.
 - (b) Direction 2 provides a road map for the City to become A Leading Environmental Performer - The Plans address key barriers to action in each sector and provide targeted actions to make significant contributions to the local government area emissions targets.
 - (c) Direction 4 - A City for Walking and Cycling - Both plans have specific actions to encourage active and public transport.

- (d) Direction 9 - Sustainable Development, Renewal and Design - New developments and major refurbishments afford the largest and most cost effective opportunity to secure long term sustainability in building operations in the design and construction. Both plans put forward the need for strengthening environmental performance standards in the City's planning controls in the absence of effective action at the state and federal level.

Organisational Impact

13. Internal stakeholders from relevant business units were engaged on the Project Control Group throughout the development of the plans and have agreed to resource implementation of the plans. Nine business units are contributing to the delivery of the Making Sydney a Sustainable Destination and five business units will assist with the delivery of the Sydney's Sustainable Office Building Plan.

Risks

14. At the strategy development stage, the major risk relates to whether the actions proposed in the Plans are the most effective ones and will resonate with industry stakeholders. This risk has been mitigated by undertaking a significant amount of stakeholder engagement in the development phase of the Plans. There is a high level of engagement by sector stakeholders and strong support for the City taking a lead to foster and support industry action.
15. During implementation, there is a risk that the actions proposed may not deliver the expected environmental benefits (energy, water and waste reductions). This risk will be mitigated through the development of a monitoring and evaluation plan for each sector sustainability plan, and the use of the Environmental Sustainability Platform to track environmental performance. If required, actions in the plan will be adjusted annually.

Social / Cultural / Community

16. Benefits from implementation will include energy savings, financial savings and jobs generation as well as benefits such as productivity, health and wellbeing, market share and reputational gains.

Environmental

17. As detailed above, implementation of the actions in these plans will result in significant environmental performance improvement in the local government area.

Economic

18. Achieving the emissions reductions targets identified in the Plans will have a positive economic impact. In the office sector, buildings with high environmental ratings will attract and retain quality tenants and enjoy cost savings from energy and water efficiencies. Increased environmental performance in the accommodation and entertainment sector will enable Sydney to successfully compete for major international events, whose organisers are seeking a sustainable destination. It has been estimated that the Plans combined will generate over \$200M in net economic benefits over the life of the measures.

Budget Implications

19. Costs associated with implementation of the City's actions in the Plans have been included in the 2018/19 operational budget and future year forward estimates. As implementation progresses, future financial implications necessary to maintain sector engagement and fully implement the plans may be identified. Approval from Council would be sought where required in accordance with existing financial delegation and budget approval processes.

Relevant Legislation

20. Local Government Act 1993, sections 8, 8A and 8C.

Public Consultation

21. Significant stakeholder engagement with both the office and accommodation and entertainment sectors was undertaken during the development of the Plans, and during the public exhibition period.
22. An external stakeholder Reference Group consisting of key government agencies with a specific interest in environment and planning of the built environment; organisations representing key stakeholders and special interest groups; and energy and water distribution networks provided input during the development of the Plans. The role of these key technical and policy experts was to: provide advice; build a common understanding of the issues, barriers and opportunities; advocate for the solutions and resources required; and support the delivery of action/s determined by the Plans.
23. The Reference Group included: NSW Office of Environment and Heritage; NSW Department of Planning and Environment; Urban Growth NSW; NSW Department of Trade and Investment; Transport for NSW; Green Building Council Australia; Property Council Australia; Better Buildings Partnership; Energy Efficiency Council; Facilities Management Australia; Engineering Association Australia; Sydney Water; and Jemena.
24. Targeted engagement activities were conducted to gain ideas and insights from sector stakeholders within the city and test the City's assumptions on the barriers and motivators to environmental sustainability.
25. Engagement with the accommodation and entertainment sector included face to face meetings, phone meetings, and a phone survey. In addition, a sector expert was contracted to engage with the sector to seek specific information about the ownership structures within the sector as well as the access to capital for environmental improvements. Over 40 organisations from the accommodation and entertainment (and events) industry were directly engaged, 83 responded to the phone survey and 16 to the online survey, making a total sample size of 139.

26. To better understand the differing ownership groups of the office sector the C40 City Advisor first met with the Better Buildings Partnership to understand how the City can further support their leadership. Across the board, there was support and interest for the development of the plan and an overall consensus on the next focus areas for the sector: renewable energy, tenant engagement and privately owned offices. Over 40 stakeholders attended tailored briefings for owners, managers and tenants. A further follow-up session was held to report back to stakeholders how their feedback had been incorporated into modelling and would inform the Sector Sustainability Plan.
27. Public exhibition was held from 20 February 2018 to 17 April 2018.
28. The draft Plans were exhibited on the Sydney Your Say website.
 - (a) Making Sydney a Sustainable Destination
 - (i) Total visits: 693
 - (ii) Document downloads: 233
 - (b) Sydney's Sustainable Office Plan:
 - (i) Total visits: 628
 - (ii) Document downloads: 296
29. During the public exhibition period key stakeholders from each sector were engaged through a number of targeted mechanisms:
 - (a) Email to over 700 industry stakeholders
 - (b) Industry newsletters - promotion of the Plans was included in four industry newsletters
 - (c) Briefings - City staff presented the Plans to 10 industry meetings
30. The plans received media coverage in the Fifth Estate on 6 March 2018.
31. Submissions were received from the following organisations and three individuals:
 - (a) Sydney's sustainable office plan:
 - (i) The projects
 - (ii) Built
 - (iii) AMP Capital
 - (iv) Property Council of Australia
 - (v) Green Building Council Australia (GBCA)
 - (vi) Australian Institute of Refrigeration, Air Conditioning and Heating (AIRAH)
 - (vii) National Australian Built Environment Rating System (NABERS)
 - (b) Making Sydney a Sustainable Destination:

- (i) National Australian Built Environment Rating System (NABERS)
- (ii) The Animal, Tree and Homeless Campaign
- (iii) Tourism Accommodation Australia (NSW)
- (iv) Green Building Council Australia (GBCA)
- (v) Supply Chain Sustainability School
- (vi) Pacific Asia Travel Association (PATA)
- (vii) Griffith Institute for Tourism, Griffith University
- (viii) The Business Travel Consulting Group (BTCG)
- (ix) World Wildlife Fund

32. Submissions and other engagement activities are summarised in Attachment A. Generally, the feedback pertained to:

- (a) Support for the Plans, and acknowledgment of alignment between the intent of the plans and the goals of the submitting organisations. Some submissions called on the City to go further and mandate new or higher performance benchmarks.
- (b) Details of relevant initiatives and accomplishment by the organisations.
- (c) One submission suggested that food waste should be given a higher profile in the Making Sydney a Sustainable Destination plan.
- (d) One submission raised concerns about the ability for hotels to reach higher environmental performance standards without incurring unacceptable costs.

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