

## Public Exhibition - Environmental Strategy 2021-2025

File No: X027797

### Summary

This report recommends that Council endorse the Draft Environmental Strategy (the Strategy) to be placed on public exhibition for community comment. The Strategy sets the directions, actions and targets for the environmental performance of City of Sydney operations and for the local government area.

The previous strategy, Environmental Action 2016 - 2021 Strategy and Action Plan, was adopted by Council in March 2017 and has underpinned environmental action by the City for the last five years. This has led to reductions in carbon emission, water use and waste generation in City operations; and has contributed to improvements in environmental performance across the local government area. This update reflects changes over that time, documents our achievements and incorporates the latest research and data that supports the future strategic direction.

This new Strategy outlines the City's commitment to responding to the climate emergency and working in partnership with residents, businesses, and other levels of government to build a resilient, inclusive and regenerative city.

- (a) Direction 1 - Smart and resilient City operations
- (b) Direction 2 - Efficient, future-proof buildings and transport powered by renewable energy
- (c) Direction 3 - A regenerative and inclusive city
- (d) Direction 4 - Strong foundations for delivery

This report recommends that Council endorse the draft Environmental Strategy for public exhibition. Following the exhibition period, all public comments will be considered, and the Strategy will be presented to Council, with any required changes, for adoption.

## Recommendation

It is resolved that Council:

- (A) approve the draft Environmental Strategy 2021 - 2025 (the Strategy), as shown at Attachment A to the subject report, for public exhibition;
- (B) approve the draft Environmental Sustainability Policy, as shown at Attachment B to the subject report, for public exhibition.
- (C) approve the extension of Making Sydney a Sustainable Destination from 2022 to 2025, as shown at Attachment C to the subject report; and
- (D) approve the extension of Sydney's Sustainable Office Buildings Plan from 2022 to 2025, as shown at Attachment D to the subject report.

## Attachments

- Attachment A.** Draft Environmental Strategy 2021 - 2025
- Attachment B.** Draft Environmental Sustainability Policy
- Attachment C.** Making Sydney a Sustainable Destination
- Attachment D.** Sydney's Sustainable Office Buildings Plan

## Background

1. Signatories to the Paris Agreement have agreed to halt warming to 1.5°C or well below 2°C above preindustrial levels. Yet global heating is already approaching 1.2°C above preindustrial levels and it is accelerating.
2. The Intergovernmental Panel on Climate Change says that to limit global warming to 1.5°C global emissions must be 45 per cent lower than 2005 levels by 2030. To date, commitments by countries around the world are nowhere close to being on track to limit global heating.
3. Climate change is projected to increase the magnitude and frequency of extreme weather events. These will affect urban infrastructure systems for energy, transportation, telecommunications, water and wastewater, solid waste and food production.
4. The economic benefits of emissions reduction far outweigh the costs of extreme weather events if nothing is done. A report by the Climate Council, Australia's leading independent climate change communications organisation, states that extreme weather events have cost Australia \$35 billion over the past decade, which is double the cost in the 1970s. By 2038, these events, as well as the impacts of rising sea levels, could cost the Australian economy \$100 billion every year.
5. Cities are major contributors to climate change. According to UNHabitat, cities consume 78 per cent of the world's energy. C40 Cities has calculated that urban areas produce more than 70 per cent of GHG emissions.
6. However, cities also have a vital role in managing climate change. Individually and collectively, cities can drive change, influence future policy and demonstrate the power of collaboration for communities and governments, addressing the impacts of climate change globally. The City of Sydney is part of a vanguard of global cities that are taking strong action on climate change and leading a green recovery from the COVID-19 pandemic.
7. The Strategy also responds to our community's demand for environmental action. Our extensive community engagement work to inform Sustainable Sydney 2050 revealed an overwhelming desire for a response to climate change. It is an important issue for people of all ages, genders, nationalities and socio-economic groups. In an online survey, 86 per cent of respondents agreed that the City should invest in and advocate for addressing climate change.

## Environmental Strategy 2021 - 2025

8. The Strategy reinforces the important work the City has done and will continue to do in the areas of energy and emissions reductions, water management and use of alternate water sources, waste management and recycling, and climate adaptation. Our focus continues to be on asset management in our own operations, partnering with residents and businesses to reduce the environmental impact of buildings in our city, and undertaking advocacy for broader changes required to state and federal policy.
9. This Strategy also addresses some emerging topics: circular economy, inclusive climate action and the opportunity to work more closely with Aboriginal and Torres Strait Islander people on environmental action.

10. The concept of a circular economy is rapidly gaining traction with stakeholders in our city. While the systemic change required must be led by State and Federal governments, the City has an important role to play. We can utilise our significant procurement spend to drive circular economy outcomes, and we are supporting a number of circular economy initiatives through our grants program.
11. People already marginalised in our city are likely to suffer disproportionate impacts from climate change and urban hazards. As we create solutions to our challenges, we need to be inclusive. We must look at which groups are most affected by climate change, who benefits from our environmental programs, and how we can diversify the voices heard when shaping our environmental future.
12. The City acknowledges the importance of the living cultural practice of caring for Country. The Gadigal of the Eora Nation used resilient land management practices for thousands of generations. The City will enhance its environmental program by working with Aboriginal and Torres Strait Islander groups and investing in knowledge and practices that restore natural equilibrium by caring for Country. This will also contribute to the achievement of the City's Stretch Reconciliation Action Plan goals.
13. The Strategy outlines four directions, and 23 supporting actions:
  - (a) Direction 1 - Smart and resilient City operations
    - (i) Action 1 - Deliver energy, water and resilience outcomes through City asset design and management
    - (ii) Action 2 - Keep City parks green with water efficiency and alternate water sources
    - (iii) Action 3 - Regenerate the environment through the City's carbon-neutral commitment
    - (iv) Action 4 - Ensure the City's programs and services use resources efficiently
    - (v) Action 5 - Reduce the amount of operational waste sent to landfill through avoidance and resource recovery
    - (vi) Action 6 - Reduce embodied carbon in our supply chain and support circular economy outcomes
    - (vii) Action 7 - Manage environmental risks and issues
  - (b) Direction 2 - Efficient, future-proof buildings and transport powered by renewable energy
    - (i) Action 8 - Improve energy efficiency, water efficiency and waste management in existing buildings
    - (ii) Action 9 - Drive all new buildings to be resource-efficient and net zero energy
    - (iii) Action 10 - Support the transition to zero-emissions transport

- (iv) Action 11 - Encourage community uptake of renewable electricity and stimulate the green economy
  - (v) Action 12 - Support our residents to reduce utility costs and environmental impact
  - (vi) Action 13 - Help businesses to reduce utility bills and demonstrate environmental achievement
- (c) Direction 3 - A regenerative and inclusive city
- (i) Action 14 - Incorporate the perspectives of Aboriginal and Torres Strait Islander people in environmental action
  - (ii) Action 15 - Address equity issues related to climate change
  - (iii) Action 16 - Build community resilience and momentum on climate action
  - (iv) Action 17 - Support the development of circular economy systems
  - (v) Action 18 - Drought-proof the city by facilitating water recycling
  - (vi) Action 19 - Regenerate polluted waterways, air and land
  - (vii) Action 20 - Reduce the amount of residential waste sent to landfill through avoidance and resource recovery
- (d) Direction 4 - Strong foundations for delivery
- (i) Action - 21 Build staff capability to deliver environmental outcomes
  - (ii) Action 22 - Deliver high-quality internal and external environmental reporting and communications
  - (iii) Action 23 - Employ efficient and effective decision-making processes
14. The Strategy also includes carbon, water and waste targets for the City's operations and for the local government area. This includes an updated local government area target of net zero emissions by 2035.
15. In 2008 when the City set its target to reduce 2006 emissions by 70% by 2030 it was based on the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report. In the ensuing years, the climate science is showing that the rate of global heating is accelerating. The latest Fifth Assessment Report was completed in 2014 as the main scientific input to the Paris Agreement. Key inputs to the Sixth Assessment Report on climate science, mitigation, impacts and adaptation will be released this year in time for the 26th UN Climate Change Conference of the Parties (COP26) in Glasgow in November 2021. The Secretary General of the United Nations has made it clear that the world's current greenhouse reduction pledges are not enough to limit global warming to well below 2°C, the goal of the Paris Agreement.
16. A recent report, *Carbon Budgets for 1.5 and 2°C Briefing Note*, by the National Centre for Climate Restoration indicates that IPCC carbon budgets have underestimated current and future warming, with 1.5°C of average global heating likely by 2030 or earlier.

17. The recent Australian report, *Updating The Climate Change Authority's 2014 Emissions Reduction Targets* by the Climate Targets Panel (an independent group of Australia's most senior climate scientists and policymakers), has calculated that net zero by 2035 is Australia's 'fair share' for the world to stay below 1.5 degrees budget based on its contribution (0.97 per cent) to global emissions. It finds that to be consistent with the Paris Agreement goal of limiting global warming to 1.5°C, Australia's 2030 emissions reduction target must be 74% below 2005 levels, with net-zero emissions reached by 2035.
18. The City has commissioned modelling of a downscaled carbon budget for the local government area (based on ten years of 2017 level emissions). If emissions were to remain at 2017 levels, this would imply net zero emissions are needed by 2027 to remain within the carbon budget. However, emissions have been falling year on year and continued improvements in the energy efficiency of new and existing buildings, local renewable electricity, transport interventions and waste management are anticipated to make further significant reductions, as shown by the Chart 5 in the draft Strategy.
19. Modelling uses the step-change scenario of the 2020 Integrated System Plan (ISP) by the Australian Energy Market Operator (AEMO) to model greening of the grid. AEMO has begun working on the next version of the ISP which indicates that greening of the grid is occurring more rapidly than envisaged due to the low cost of renewable energy compared to coal and gas fired electricity. This is likely to see early closure of thermal plants (for example the recent announcement to close Yallourn four years ahead of schedule).
20. Whilst very ambitious, achieving net zero emissions by 2035 and remaining within a city carbon budget is deemed feasible, however it is likely to require the use of carbon credits via purchased reductions of emissions savings created elsewhere. It is estimated that between 350,000 to 1.12 million tonnes of offsets will be required, mostly depending on how rapidly the electricity grid becomes renewable.

### **Environmental Sustainability Policy**

21. A policy statement is required to supplement the Strategy in order to:
  - (a) Strengthen the environmental management expectations of City partners including suppliers, grant participants and event organisers holding events in City spaces. City partners will be required to comply with specific requirements of the policy and supporting guidelines including Single-Use Guidelines and Sustainable Design Technical Guidelines.
  - (b) Enable the City's Environmental Management System (EMS) to be aligned to the ISO14001 standard. The standard states that the organisation must have an environmental policy.
  - (c) Bring the principles outlined in the City's 2020 Climate Emergency Response into a policy statement.
22. The Environmental Sustainability Policy will result in the Sustainable Events Management Policy being rescinded as it will include coverage of the same areas.

### Sector Sustainability Plans

23. In 2018 Council endorsed two sector sustainability plans:
  - (a) Making Sydney a Sustainable Destination - This plan addresses environmental sustainability challenges and opportunities in the city's accommodation and entertainment sector.
  - (b) Sydney's Sustainable Office Buildings Plan - This plan addresses environmental sustainability challenges and opportunities in the city's commercial office sector.
24. Both plans have a nominated revision date of 2022. The City is implementing the plans and is delivering dedicated programs to both sectors. However, given the disruption to each sector caused by Covid-19, it is proposed to delay the revision of the plans until 2025.
25. These two sector plans followed the 2014 endorsement of the Residential Apartment Sustainability Plan, which has a nominated review date of 2025.
26. Despite the severe impacts Covid-19 has had on the accommodation and entertainment sector, members of the City's Sustainable Destination Partnership retain their commitment to sustainability and want to continue to work with the City on environmental initiatives. It will take time for the sector to return to normal operations and for the impact of the sector plan, and any revisions needed, to be accurately assessed.
27. The commercial office sector has also experienced significant upheaval with many office staff continuing to work from home. The City anticipates that over the coming years there will be changes to way office space is used, and it would be appropriate to revise the sector plan when these changes are clearer.

### Key Implications

#### Strategic Alignment - Sustainable Sydney 2030

28. 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 Strategy is aligned with the following strategic directions and objectives:
  - (a) Direction 1 - A Globally Competitive and Innovative City - Sydney is globally recognised for its environmental ambition and performance. The Strategy will enable the City to maintain and enhance this reputation.
  - (b) Direction 2 provides a road map for the City to become A Leading Environmental Performer - The Directions and actions areas proposed in the Strategy will help the City to lead by example in its own operations and contribute towards improved environmental performance in the LGA.
  - (c) Direction 3 - Integrated Transport for a Connected City - outlines the importance of moving to zero-emissions modes of transport to reduce the city's environmental impact.

- (d) Direction 4 - A City for Walking and Cycling - The Strategy reinforces the importance of shifting to active modes of transport to reduce the city's environmental impact.
- (e) Direction 6 - Vibrant Local Communities and Economies - The Strategy acknowledges that climate change disproportionately impacts vulnerable members of the community, and that action is needed to ensure the shift to a zero-carbon future is equitable and inclusive. The Strategy also highlights that the green economy is an area of growth for Sydney.
- (f) Direction 9 - Sustainable Development, Renewal and Design - The Strategy highlights the crucial role that sustainable design will play in achieving the environmental targets for the LGA.
- (g) Direction 10 - Implementation through Effective Governance and Partnerships - The Strategy outlines how collaboration with other levels of government, business and the community is essential for effective climate action.

### **Organisational Impact**

- 29. In developing the Strategy, consultation was undertaken with relevant City staff. Actions and projects are being proposed in the budgets and business plans of responsible units.
- 30. Direction 4 - Strong foundations for delivery address the need to strengthen staff capability to ensure effective delivery of the Strategy.

### **Risks and Opportunities**

- 31. The successful implementation of the Strategy is subject to risks arising outside the City's control, including:
  - (a) the lack of federal plan to transition to net zero emissions across electricity, gas, and vehicles;
  - (b) unsupportive State government regulatory framework, and higher fees imposed on utilities by the Independent Pricing and Regulatory Tribunal, deterring the uptake of recycled water schemes in urban renewal locations; and
  - (c) lack of direction and investment in waste infrastructure in the Sydney metropolitan region. The forthcoming NSW 20-Year Waste Strategy may address this risk.
- 32. The implementation may also be advanced through opportunities including:
  - (a) implementation of the NSW Government Electricity Infrastructure Roadmap and Renewable Energy Zones - leading to faster than anticipated greening of the grid;
  - (b) increasing private sector action by investors to divest from fossil fuels and to require companies to incorporate climate-related risks and opportunities into their risk management and strategic planning processes; and
  - (c) new technological solutions including opportunities to draw down carbon from the atmosphere.



**Social / Cultural / Community**

33. The Strategy specifically addresses the concept of inclusive climate action, which is a concept being promoted by C40 and many leading cities globally. We know that people already marginalised in our city are likely to suffer disproportionate impacts from climate change and urban hazards.
34. The City will engage with vulnerable groups in the community to gain a clearer understanding of how climate-related issues are affecting them. The City will also collaborate with other organisations to advocate for more equitable access to clean energy and resilient housing. As part of our emergency preparedness work, we will look at how we can provide more options for respite for vulnerable community members during extreme weather events.
35. The City acknowledges the importance of the living cultural practice of caring for Country. The Gadigal of the Eora Nation used resilient land management practices for thousands of generations. The City will enhance its environmental program by working with Aboriginal and Torres Strait Islander groups and investing in knowledge and practices that restore natural equilibrium by caring for Country. This will also contribute to the achievement of the City's Stretch Reconciliation Action Plan goals.

**Environmental**

36. This Strategy provides a focussed, realistic plan of action for the City to follow to improve environmental performance in its own operations and in the LGA over the next five years. Details of environmental targets and actions are outlined within the Strategy.

**Economic**

37. The Strategy emphasises the opportunity provided by the growth of the green economy. The green economy covers activities ranging from environmental law and sustainable goods and services to advocacy, education, regulation and advisory services.
38. Sydney is at the heart of Australia's financial and professional services sector, as many capital raising and management and support services are located here. There is an opportunity for the city to be the centre for carbon and other trading systems. Sydney's strengths in the finance and professional services sectors will play an important role in raising capital, redirecting financial systems, and providing the knowledge that will help NSW and Australia become renewable energy superpowers.
39. The city also has a dynamic entrepreneurial sector that is developing solutions to climate change and methods for building a circular economy.
40. The City's forthcoming Economic Strategy will explore further how the City can help develop the green economy.

**Financial Implications**

41. The draft Strategy includes actions that have capital and operational funding implications. These actions will be costed into individual capital project and operating budgets and incorporated into the City's approved Long Term Financial Plan which is subject to Council approval.

## Relevant Legislation

42. Local Government Act 1993.

## Critical Dates / Time Frames

Commencement of public exhibition period of 4 weeks	May 2021
Conclusion of public exhibition	June 2021
Final Strategy submitted to Council for endorsement	July 2021

## Options

43. There are no alternative options as the City is required to have an Environmental Strategy in accordance with the Local Government Act 1993.
44. Urgent action on climate change is needed and not proceeding with the Strategy would impact the City's ability to deliver against our targets, build our community's resilience to climate impacts and play our part in the fight against climate change.

## Public Consultation

45. The Strategy has been developed with regard to the findings of community consultation activities undertaken in preparation for the Sustainable Sydney 2050 plan.
46. Following endorsement by Council, the draft Strategy will be placed on public exhibition for four weeks.
47. Public exhibition will be undertaken through the Sydney Your Say web page and advertised via the City's communication channels.

## KIM WOODBURY

Chief Operations Officer

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