

# CASE STUDY: SYDNEY - SECTOR SUSTAINABILITY PLANS THROUGH STAKEHOLDER ENGAGEMENT

## SUMMARY:

Cities have a key role to play in activating climate change action in business and community sectors. A sector based approach allows cities to:

- look at climate action from the perspective of stakeholders to increase uptake
- work with key agencies best placed to activate change to galvanize community support
- target limited resources where they can have maximum impact.

Using a portfolio of advocacy, policy, programs, education and awareness campaigns and recognition is particularly important when policies at other levels of government do not support action on climate change. Sydney's sector sustainability plans are a framework for collaboration with the aim to catalyse uptake of climate change solutions and behaviour change.

City of Sydney's Sustainable Sydney 2030 vision sets bold targets including a 70 % emissions reduction for the local government area (from a 2006 baseline) and more recently committed to net zero emission by 2050. Sydney understands the totality of its emissions and how to reduce them, with City of Sydney's Master Plans on energy efficiency, renewables and advanced waste treatment solutions. But, delivering these deep emissions cuts requires detailed understanding of opportunities for reduction and barriers to action in business and community sectors. With the help of the C40 City Advisor, the city developed concrete Sector Sustainability Plans, by engaging stakeholders on emissions reduction opportunities and associated economic and social benefits to understand the impact, drivers and barriers in each sector (e.g. apartments, office, hotels, retail etc).

The Sector Sustainability Plans aim to evolve the City's approach that will incentivise the entire sectors to improve environmental performance, not only early adopters in each sector. Building sectors were prioritised because, similar to many cities, buildings contribute 80 % of Sydney's emissions. More specifically the city's customers or stakeholders who have decision making control or capacity to affect change in these buildings were the focus. Targeted stakeholder engagement 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 sector 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.

Key outcomes from Sydney's sector sustainability planning process include:

- sector specific baseline emissions and business as usual projections
- identified opportunities for carbon reduction and the barriers to realising these opportunities
- engaged stakeholders with the willingness to act on relevant opportunities
- action plans that maximize city strategic outcomes with set timelines, responsibilities, targets
- monitoring framework to track progress, review and refine action plans.

Benefits from implementation will include:

- targeted, cost-effective reductions in GHG emissions, water consumption and waste generation
- energy savings, financial savings and jobs generation
- co-benefits such as productivity, health and wellbeing, market share and reputational gains.

The plans also establish a framework for ongoing monitoring of progress and reductions using the Environmental Sustainability Platform. This enables review and adaptation of the plans over time, to ensure activity is focused where it is needed.

## PROCESS:

The City considered various ways to segment buildings for the prioritization of the Sector Sustainability Plans. It was important for the sectors to align with the city's existing targets and policies where possible leveraging existing service offerings for residents, business owners and visitors or 'infrastructure' systems such as transport, traffic, waste management.

### The follow sectors were prioritized:

1. Residential Apartments (the first of the sector plan adopted by council in 2015, prior to CA)
2. Accommodation and entertainment
3. Commercial office - listed and unlisted property groups and trusts
4. Commercial office - private and small scale owners, and
5. Retail.

The Sector Plans target the owners and users/occupants of residential and commercial buildings based on the stakeholder affinity and common barriers to sustainability, degree of control to make change, networks for engagement and influence and consistent regulatory and governance frameworks.

The sector plans needed to consider available data, decision making control of various stakeholder audiences when determining the most effective way to define sectors for targeted emissions reduction. This involved significant collaboration on the development of the Environmental Sustainability Platform.

Key steps included:

- **Established support** from leadership, both political and executive, for the process and plans in order to secure commitment and resources to implement action plans and meet stakeholder expectations.
- **Scoped the sectors** – established sector specific baseline emissions, water and waste and projections, diagnosed issues and community need, segmented buildings and target audiences and identified the greatest opportunities for environmental savings, identified gaps in data, analysis and/or research.
- **Prioritised the sectors** – for plan development, identifying sectors with the largest, most accessible emissions saving opportunity, and levels of engagement and governance conducive to achieving efficient and effective outcomes.
- **Consulted internally** - to identify: the City's current and potential role, opportunities and limitations, existing knowledge and information, those delivering or well placed to deliver services, integration opportunities and interdependencies.
- **Consulted externally** – with agencies with policy control and technical experts to test assumptions and help diagnose solutions. The most effective policy levers and programs opportunities are often outside the City's control, so it was important to engage early and encourage agencies with responsibility to act. Engaged the businesses and communities in each sector to understand their specific interests and drivers.
- **Scoped international cities** – various C40 cities use sector approaches. Vancouver, New York and Chicago amongst other cities target building sectors. The City Advisor reviewed New York City's approach of analysing the size, type and count of buildings for example, as well as international planning policies, whole building programs, and tenant engagement approaches in other cities, accessing information mainly through the Private Buildings Efficiency Network.
- **Commissioned emissions modelling** – GHG abatement marginal abatement cost curve reports were developed for each sector. A suite of actions available to business and government were modelled to show their proportional opportunity for GHG emission reduction in new and existing buildings. The abatement curves investigated the most effective pathway to meeting the City's targets, presenting cost per tonne of reduction for each policy and technology measure.
- **Developed action plans** prioritising cost effective programming, policy and legislative change needed to activate sector transformation. Leveraging existing effective programs, proposing new initiatives if gaps are identified. Setting sector specific targets and a monitoring framework for tracking progress and measuring success.
- **Supported the City's business case analysis** to establish the cost of each individual action and its relative contribution to overall targets and secure budget and resources to implement the plans.

Each plan aims to be a platform for collaboration, putting forward a vision or outcome that resonates with key stakeholders. Each plan outlines why this outcome is important, the barriers and challenges to achieving this vision, solutions to these challenges, what key audiences ought to act on and how the City will support action, track progress and reward success.

## RESULTS:

### Priority Project deliverables

The City will have a sector plan/position and detailed GHG emissions modelling for four priority sectors:

- Residential Apartments Sustainability Plan – private residential apartments
- Sustainable Destination Plan – accommodation and entertainment venues
- Net Zero Office Plan – commercial office buildings (combining Institutional and Mid-tier Office Plans)
- Retail Position Paper – retail shopping centres and bulky goods and supermarkets in general retailing.

The C40 City Advisor also supported the City of Sydney in the implementation of the Residential Apartments Sustainability Plan adopted by Council in August 2015. Key actions include the Residential Apartments Retrofit Program and advocacy to the New South Wales state government to increase the minimum environmental standards for new developments and introduce a benchmarking tool for residential apartment buildings.

The accommodation & entertainment and commercial office sectors are also well placed to achieve expedient cost effective emissions reductions – the sectors were prioritized for their:

- Impact: emissions baseline and projection
- Opportunity: reduction opportunity, both proven and maximum technical potential
- Engagement: stakeholder engagement and influencer networks
- Governance: regulatory and governance frameworks.

Simply working with the sector with the highest impact may have burnt precious political and financial capital on a sector that has little opportunity and/or a lack of engagement and governance to take action.

A collaborative effort to deliver actions in the Sector Sustainability Plans has the potential to deliver the following outcomes in each of the priority sectors.

### Accommodation and entertainment sector:

- The draft five-year plan works towards 2030 target of 50% reduction in sector emissions and net zero by 2050. This assumes 50% renewable energy supply by 2030 and implementation and energy supply trends continue gaining 100% renewable supply by 2050.
- By 2022, the sector plan aims to reduce sector greenhouse gas emissions by 28 per cent from 2006 levels or 155 thousand tonnes of CO<sub>2</sub>e.
- With BAU conditions in the greenhouse intensity of electricity supply, emissions reduction from the sector fall to 12% by 2022, 23% by 2030 and 48% by 2050, relative to 2006, a 2.5% reduction in the City's local government area emissions in 2014-15.
- The measures (not including renewable energy supply) would generate a net economic benefit of almost \$32 million from 2017 to 2030, this builds to just over \$100 million over the economic life of measures and does not count new revenue or jobs creation

### Office Sector (Institutional and Mid-tier Office)

- The draft five-year plan works towards 2030 target of 65% reduction in sector emissions and net zero by 2050. This assumes 50% renewable energy supply by 2030 and implementation and energy supply trends continue gaining 100% renewable supply by 2050.
- By 2022, the sector plan aims to reduce sector greenhouse gas emissions by 35 per cent from 2006 levels or 723 thousand tonnes of CO<sub>2</sub>e.
- With BAU conditions in the greenhouse intensity of electricity supply, emissions reduction from the sector fall to 19% by 2022, 38% by 2030 and 84% by 2050, relative to 2006, a 12.6% reduction in the City's local government area emissions in 2014-15.
- The measures (not including renewable energy supply) would generate a net economic benefit of just over \$200 million from 2017 to 2030, this builds to just over \$570 million over the economic life of measures and does not count new revenue or jobs creation.

### Retail Sector:

- Maximum emissions reduction potential in the retail sector is 28% of sector emissions over the 2006–2030 period
- With 50% renewable electricity by 2030, measures are bolstered to a 53% reduction in emissions by 2030 relative to 2006, approaching net zero by 2050.

## REASONS FOR SUCCESS:

---

### Pathway to implementation

The Sector Sustainability Plans are likely to be supported by City executive, approved by council and implemented by the sector and key internal business units, thanks to extensive stakeholder engagement carried out during the development process.

Working in line with the City's governance protocols and community consultation processes, stakeholder engagement was planned early, targeted to each sector and included four fundamental stakeholder audiences:

- internal management and delivery units
- external technical and policy experts
- government and industry agencies who can activate change
- businesses and communities within the target sectors.

The purpose of engaging these stakeholder groups throughout the development process was to:

- ensure actions in each plan reflect the sectoral context and stakeholder concerns
- inform sector stakeholders of the actions available to them and motivate them to act
- build good will and positive sector communications/campaigns to normalise sector action.

### Stakeholder buy-in

The sector plans provide a framework for collaboration on priority issues. To engage stakeholders across the sectors efficiently and effectively the CA established two stakeholder groups and sector specific engagement plans.

- The internal stakeholder Project Control Group (PCG) –represented the interests of the internal stakeholders and delivery teams. Internal stakeholders appointed to the PCG met regularly to ensure: formal interaction between business units, delivery of outcomes; effective management of project risks; and collaboration on major decisions. The PCG will be accountable and responsible for the delivery of relevant operational action/s arising from the development of the sector plans.
- The External Stakeholder Reference Group consisted 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. 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 Sector Sustainability Plans.
- Engagement plans were also developed to deliver targeted engagement activities with sector specific stakeholders. Each sector engagement plan outlined the specific stakeholders to be engaged, what the City wanted to know or understand better; and how the City planned to establish these insights (e.g. surveys, workshops and research).

**Contact C40** to request a more detailed version of this case study.