LOCAL GOVERNMENT NSW

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SUBMISSION ON THE ISSUES PAPER:

RENEWABLE ENERGY AND AGRICULTURE IN NSW

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LOCAL GOVERNMENT NSW

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

OVERVIEW OF THE LOCAL GOVERNMENT SECTOR

Local government in NSW employs more than **55,000 people**

Local government in NSW looks after more than **$136 billion of community assets**

Local government in NSW spends more than **$1.9 billion each year on caring for the environment, including recycling and waste management, stormwater management and preserving and protecting native flora and fauna**

NSW has 450 council-run libraries that attract more than **34.8 million visits each year**

Local government in NSW is responsible for about **90% of the state's roads and bridges**

NSW councils manage an estimated **3.5 million tonnes of waste each year**

NSW councils own and manage more than **600 museums, galleries, theatres and art centres**

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Opening

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

LGNSW welcomes the opportunity to provide feedback to the NSW Department of Primary Industries on the Issues Paper: Renewable Energy & Agriculture in NSW as this is a matter of importance to local councils and other key stakeholders within the local government sector. LGNSW has consulted with local government stakeholders to inform this submission. Agriculture is a significant contributor to the economy - local, regional and national - and is also an important part of the fabric of our regional and rural communities. It provides direct employment and employment through service industries and contributes to the lifestyle that draws many people to live in our rural areas.

Implementing strategic plans that reflect what their community wants as well as addressing State-driven planning targets and objectives can be a challenge for councils. In planning for and supporting their communities, councils work to balance the needs of the agricultural sector with the broader demands of urban growth, particularly in peri-urban areas.

This submission was endorsed by the LGNSW Board in July 2022.

Background

On 8 March 2022, the NSW Minister for Energy and the NSW Minister for Agriculture and Western NSW announced a Task Force to review the framework for managing issues and opportunities arising from the renewable energy and agricultural sectors in NSW. The Task Force has been asked to make recommendations on potential improvements to the existing framework and we note that this review will be led by the Agricultural Commissioner.

A previous review, also undertaken by the NSW Agricultural Commissioner covering the conversion of agricultural land for industrial and residential development identified the potential for conflict arising where agricultural land is utilised for the development of large-scale renewable energy facilities. The local government sector has a vested interest in ensuring that any land use conflict is resolved through suitable planning mechanisms to facilitate appropriate development that benefits rural communities and meets local planning requirements.

The current Issues Paper includes a set of questions under ten topic areas including open questions. These areas are listed below and LGNSW has received feedback from stakeholders across a number of these.

- The existing regulatory and policy framework
- Consultation
- Operation of renewable energy sites and infrastructure
- Third party impacts

- Compensation and benefit sharing
- Workforce availability
- Land use change and coexistence
- Local infrastructure and services
- Market signals, investments, and industry development
- Open questions

Rather than respond to each of the questions individually, LGNSW has prepared this submission based upon the topic areas that are of most direct relevance to local government.

LGNSW Policy Platform

The LGNSW Policy Platform consolidates the voices of councils across NSW, reflecting the collective positions of local government on issues of importance and guiding LGNSW in its advocacy on behalf of the local government sector.

Councils have an active role in encouraging investment, place management and activation, and supporting businesses of all sizes. Whether the local economy is based on agriculture, mining, finance, manufacturing, tourism, hospitality, retail, education, forestry, fishing or other offerings, councils play a major role in creating the conditions for appealing and sustainable communities and local economies.

Position 7.11 of the Platform specifically refers to the interaction between renewable energy and agriculture, calling on the State and Federal Governments to develop a strategic approach to state significant developments such as newly emerging solar farms to ensure their impact on farmland and neighbouring communities is properly considered, and local councils receive development contributions to fund the local infrastructure required to support them.

Position 7.12 of the Platform is also relevant: Greater independence and integrity in the development application process by introducing provision for councils, rather than proponents, to appoint independent consultants to undertake the reports needed for development assessment (such as Statements of Environmental Effects and Environmental Impact Statements).

In relation to agricultural development, Position 2.10 calls on the Australian Government to support the goals of the *2030 Roadmap: Australian Agriculture's Plan for a $100 billion industry* but make a principle-based commitment to ensure the plan is realistic. The roadmap should support existing regional and rural communities and industries by maintaining and promoting agricultural diversity that builds resilience into our economies and helps rural communities thrive.

Summary of Recommendations

Recommendation 1: LGNSW recommends that the State Government incorporate feedback provided through the consultation on the draft guideline for large-scale solar projects covering infrastructure contributions, benefit sharing and agreements, decommissioning, rehabilitation and waste management within the regulatory framework to minimise future land use conflict.

Recommendation 2: LGNSW recommends that a formal consultation plan, that details all proposed stakeholder engagement be made a requirement for renewable energy project applications. Actions detailed in the plan should also form consent conditions to ensure compliance.

Recommendation 3: LGNSW recommends that the planning framework require detailed decommissioning and rehabilitation plans for all renewable energy projects to be included with any applications.

Recommendation 4: LGNSW recommends that renewable energy project proponents should be required to make annual financial contributions to an established State managed fund to cover the costs of decommissioning and rehabilitation throughout the life of the project.

Recommendation 5: LGNSW recommends that a strengthened Social Impact Assessment (SIA) be undertaken for all renewable energy projects and the recommendations form consent conditions for future projects.

Recommendation 6: LGNSW recommends that levies for renewable energy projects are scaled appropriately and not capped, so that communities receive the financial contribution that is proportionate to the size and impacts of the development.

Recommendation 7: LGNSW recommends the NSW Government invests greater resources in clearing the backlog of Aboriginal land claims, including so that Aboriginal communities have greater opportunity to contribute to and benefit from REZs.

Recommendation 8: LGNSW recommends that business and government work cooperatively to offer a range of training and employment opportunities, particularly for youth, to suit multiple industries.

Recommendation 9: LGNSW recommends that further investigations into compatible land uses be undertaken in consultation with key stakeholders and the results from this research inform planning mechanisms.

Recommendation 10: If the need for additional housing is demonstrated via enhanced SIA processes, consent conditions could require renewable energy proponents (particularly large-scale) to fund construction of additional housing for its construction workforce, which can be handed over for local and/or social housing needs.

Recommendation 11: LGNSW recommends that the State Government investigate suitable partnerships with industry and academia to inform future innovation and drive strong market signals to encourage investment from industry.

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Response

The existing regulatory and policy framework

The protection of agricultural land is critical to the future of agriculture in NSW and the provision of fresh healthy food and fibre for the growing population of NSW, Australia and beyond. The importance of agricultural land and the focus on increasing agricultural productivity is highlighted in the State government's regional and district plans for NSW.

Councils have prepared Local Strategic Planning Statements for their areas and have addressed the relevant objectives, strategies and directions relating to agriculture in their local planning documents. As such these local objectives should be considered central to any conditions of consent applicable to future renewable energy projects.

The identification and mapping of state significant agricultural land, in consultation with local councils, would provide increased support to councils in protecting this land for agricultural use. Councils would benefit from a clearer regime of planning policy and mapping to support the retention of productive farmland and other rural land which has the potential for agricultural use, including clear guidance on incorporating these provisions in their LEPS and DCPs. The definition of significant agricultural land needs to allow for a variety of factors that may vary across NSW. Once it is defined, it must have certainty of status within the planning framework.

Councils have experience with both the opportunities and challenges arising from large-scale renewable energy projects as well as other State Significant Development. Whilst councils may concur with the benefits of renewable energy, they also have identified concerns around how planning controls including the Department of Planning and Environment's draft Large Scale Solar Guideline addresses agricultural land use conflict, infrastructure contributions, benefit sharing and agreements, decommissioning, rehabilitation and waste management. As a starting point historical climate data alone should not be utilised to determine potential site locations for future projects. Climate projections including risk of natural disasters should inform future project sites.

There is substantial opportunity to address many of these concerns though appropriate regulatory measures, consultation with communities and increasing transparency in decision making. Mandating the previous recommendations received from the local government sector would ensure that future renewable energy projects meet regulatory standards as well as the expectations of councils and communities in achieving social, economic, and environmental outcomes.

The local government sector supports renewable energy, not only to achieve emissions targets but to ensure affordable clean energy for NSW, to provide employment and to facilitate investment in regional and rural communities. However, the sector is still calling for more robust planning measures to ensure that future renewable energy projects do not disadvantage rural and regional communities.

Recommendation 1: LGNSW recommends that the State Government incorporate feedback provided through the consultation on the draft guideline for large-scale solar projects covering infrastructure contributions, benefit sharing and agreements,

decommissioning, rehabilitation and waste management within the regulatory framework to minimise future land use conflict.

The NSW Government's Electricity Infrastructure Roadmap outlines the proposed location of five Renewable Energy Zones (REZ) across the Central-West Orana, New England, South-West, Hunter-Central Coast, and Illawarra regions of NSW. The NSW Government will encourage future development in these areas, however 70% of existing solar development is located outside these areas, potentially leading to future legacy issues for councils and communities.

One of the key issues in establishing the REZs will be ensuring that planning for natural disasters has occurred and that planning controls are put in place to ensure that any impacts on future renewable energy projects are minimised. The Australian Energy Market operator has identified several risks from bushfires across the NSW REZ in the report located here https://www.aemo.com.au/-/media/files/major-publications/isp/2022/appendix-3-renewable-energy-zones.pdf?la=en

Some of the recommendations coming out of this report include the inclusion of micro-grids and stand-alone power systems to prevent major network outages. There are situations where microgrids could improve reliability and supply in regional communities and this is of importance where REZs are at higher risk of bushfire or other natural disasters.

Local government recognises the multiple benefits that can come from investment in renewable energy and acknowledges that renewable energy projects can have substantial benefits for the immediate community as well as the wider energy supply network. However, councils are often called upon to resolve issues which may not have been appropriately addressed through the development application process. LGNSW suggests that more detail could be provided in the application process about the local benefits which would be delivered to the communities that will host renewable energy projects. In addition, there must be a commitment made by the NSW Government to ensure that benefits are not completely "exported" from the host region through negotiation or other means.

The existing regulatory and policy framework, if enhanced, offers several opportunities to mitigate future land use conflicts and impacts. Conducting more rigorous and transparent Social Impact Assessment (SIA) that appropriately considers the development in the context of the local community would assist understanding the true benefits and challenges of a project, specific to that community. Development consent conditions could then reflect clear expectations about which social issues must be managed as a direct or indirect result of the project and set out possible mitigation measures. This could include actions to minimise impacts on adjoining landholders and the local community and may extend to buying out affected landholders.

Consultation

Community engagement should be commenced as early as possible to be effective and ensure that stakeholder views are considered as part of the planning for future developments. Ideally, the stakeholder engagement and community consultation process should occur prior to a project being formally submitted by the proponent to ensure all

stakeholders have an opportunity for input. There is an expectation that authentic engagement with stakeholders is undertaken in a process that is well planned and timely. To ensure that this occurs in a consistent way proponents should be required to complete a consultation plan and include the details of proposed consultation along with other supporting documentation for all projects. Robust consultation processes represent an effective way of identifying stakeholder concerns early and will ensure that councils don't end up 'caught in the middle' between project proponents and the community.

The NSW Agricultural Commissioner's 2021 report *Improving the* Prospects *for Agriculture and Regional Australia in the Planning* System identified a NSW Farm Practices Panel as a possible mechanism for assessing industry codes of practice and in doing so ensuring a standardised approach to 'normalised' land use conflict. LGNSW concurs that an expert panel could help facilitate communication between State Government agencies and at the same time act as a reference panel for council planning staff. This type of ongoing and substantiative information sharing would be welcomed by councils.

Proponents, the Department of Planning and Environment (OPE) and the Department of Primary Industries (DPI) should be mindful of the cumulative impacts of multiple renewable energy projects within REZ regions (particularly large-scale projects), and proponents should engage and collaborate with existing and proposed projects so that the cumulative effects of these projects can be understood and taken into consideration when planning for new projects.

Community and stakeholder engagement should be planned in order to consult with a wide group of stakeholders, including (but not limited to):

- Traditional owners including local Elders and Aboriginal Land Councils to determine any impact on Indigenous land and to understand any risk to Aboriginal cultural heritage.
- Property owners and adjoining property owners to ensure that agricultural land is not subject to further fragmentation and that the views of any impact on adjoining stakeholders is considered.
- Business and community groups to ensure that social and economic impacts of any development are recognised and addressed at the application stage. In addition, consultation with business could identify opportunities for local employment opportunities.
- Stakeholders located in adjoining Local Government Areas routinely need to be included in consultation to ensure that impacts that are outside the host LGA are recognised and addressed. Waste disposal is a key issue associated with large-scale solar farms that easily covers multiple government boundaries and waste can be transported large distances to landfills which are not located within the host area.
- The 'broad community' should also be considered as a stakeholder and consulted to determine any community impacts which may arise from renewable energy projects, especially in small rural communities where agriculture is at the heart of the economy. Having community 'buy-in' to projects can help achieve a successful outcome.

When undertaking consultation, factors such as seasonal agricultural workloads, engagement fatigue, socio-economic and cultural circumstances, access to

communication technology such as mobile phone and internet reception should always be factored into planning for community and stakeholder engagement. This will help to ensure high participation rates and that communities are given every opportunity to contribute feedback on development applications that will affect their community. Consultation should be integrated at every point within the development application process to ensure that stakeholders have ample opportunity to express views which would lead to improved outcomes for all parties.

Recommendation 2: LGNSW recommends that a formal consultation plan, that details all proposed stakeholder engagement be made a requirement for renewable energy project applications. Actions detailed in the plan should also form consent conditions to ensure compliance.

Operation of renewable energy sites and infrastructure

Renewable energy projects are often large-scale and long-term projects, as such consideration should be afforded to every aspect of the project. This should include all waste the project will generate over its lifespan to ensure that legacy issues do not impact community amenity or jeopardise the sustainability of future council waste facilities.

The lifespan of these projects extends from pre-planning, commissioning, through to the rehabilitation and replacement of solar panels during the project then the eventual decommissioning and rehabilitation. There are concerns that issues will arise if all these phases are not adequately recognised and addressed during the application process and subsequent consent conditions.

Renewable energy projects do not have finite timescales which can add to the complexity of decommissioning and rehabilitation. LGNSW has received advice from councils that decommissioning and rehabilitation is not always straightforward and more stringent controls are required to protect councils, communities, and landholders. The length of project timeframes, the volume of project applications and the political and economic influence of a small pool of developers can all affect decommissioning and rehabilitation outcomes, especially when this is balanced against the availability of council resources to ensure compliance with development consents.

In addition, project owners are not always located within Australia, and this can impact the influence of regulatory controls where proponents are not likely to be impacted by the penalties for non-compliance with decommissioning requirements. Given the lengthy timeframe for renewable energy projects, it is not uncommon for the land and project infrastructure to be on-sold to the point where controls become difficult to regulate with the new project owner and council is then required to utilise its limited resources to negotiate a reasonable outcome.

All possible eventualities, including phased decommissioning and rehabilitation should be considered early on and clear pathways for appropriate decommissioning and rehabilitation at any stage, should be identified and documented as part of the consent conditions. Clear expectations are required around the need to include detailed and costed rehabilitation plans. These plans should be accompanied by annual financial contributions to a fund managed by the NSW State Government to ensure that decommissioning and rehabilitation is funded by the project owner or host landowner with funds set aside for

this work from the outset. The financial contributions should form part of the consent conditions and include an annual increase of at least the ABS Producer Price Index for Heavy and Civil Construction. This fund would act as a quasi-bond to ensure that councils and communities are not liable for future project costs. Such a process would afford much greater protection to councils, ensuring that they are not left with managing the financial burden of rehabilitation if obligations are not met by other parties.

LGNSW supports the principle of land used for renewable energy being rehabilitated and restored to pre-existing use, including the pre-existing land and soil capability class if was previously used for agricultural purposes. It is essential that land capability is monitored throughout the lifespan of the project, through regular soil monitoring and that any negative impacts on soil class should be addressed as early as possible to ensure the development is not degrading soils to such an extent that the land is no longer fit for its previous purpose. Whilst it is noted that large-scale solar or wind farms are more likely to be permitted on land with lower agricultural productivity this should not deter regulators from ensuring that agricultural land of any capacity is restored to its original capability. The requirement to monitor and test should be included in the consent conditions along with an obligation to repair any damage that is detected.

The report *Improving the Prospects for Agriculture and Regional Australia in the Planning* System highlights several legacy issues that have led to fragmentation of agricultural land; "The rural landscape is increasingly being fragmented by residential development which affects rural land values, introduces sensitive receptors potentially incompatible with agriculture and may make agricultural operations unviable. Fragmentation is mostly driven by decisions to reduce minimum lot sizes or enable dwellings on undersized lots."

There is an opportunity within this review to correct this and ensure that land of varying capacities is protected both in terms of future lot sizes as well as ensuring that land is either managed at its current capability or potentially improved over time through innovation and improved land management practices.

LGNSW is aware that several councils have serious concerns around the current requirements for decommissioning and rehabilitation of renewable energy project sites based upon recent experience. LGNSW recommends that the project applicant should be responsible for decommissioning and rehabilitation unless there is an agreement with the "host landowner" that clearly outlines alternate responsibilities. It should be noted however that feedback indicates that many landowners currently do not have a detailed understanding of what these responsibilities entail, and greater protection should be afforded to new host landowners to ensure they have a full understanding of any project's implications on future land use.

Recommendation 3: LGNSW recommends that the planning framework require detailed decommissioning and rehabilitation plans for all renewable energy projects to be included with any applications.

Recommendation 4: LGNSW recommends that renewable energy project proponents should be required to make annual financial contributions to an established State managed fund to cover the costs of decommissioning and rehabilitation throughout the life of the project.

Third party impacts

Planning legislation requires social impacts to be assessed and considered as part of the overall environmental impact assessment for all State significant projects. Councils need to be confident that the significant local impacts of developments on community quality of life and amenity are fully recognised and addressed. Therefore, a strengthened approach to Social Impact Assessment (SIA) is supported by LGNSW and the local government sector as an opportunity for proponents of major projects to make a positive and lasting contribution to the social wellbeing of the communities in which they operate.

Currently, the experience of the local government sector in providing input or reviewing SIAs for SSDs is that there is limited opportunity for local government advice and intelligence to be considered and incorporated early - therefore limiting the ability to assist with the potential analysis of social impacts or recommendations for implementation. Councils can assist in identifying social impacts that may matter most to the community, as they are often aware of community needs and wants.

Elsewhere in this submission we have outlined some of the broader impacts on communities that may arise for renewable energy projects. These include impacts to local roads, increased demand for services in the community during construction (eg housing, medical, retail) and changes to how some businesses will have to operate (eg, limitations on aerial spraying), visual amenity, changes to property values and impacts on local roads. Each community will have a different combination of these impacts and depending on the context of the proposal they may also have a different perspective on whether they are positive or negative impacts. It is therefore critical that council and community consultation is undertaken early on, and the SIA fully considers the unique context of the proposal.

Recommendation 5: LGNSW recommends that a strengthened Social Impact Assessment (SIA) be undertaken for all renewable energy projects and the recommendations form consent conditions for future projects.

Compensation and Benefit sharing

The NSW Government recently exhibited reforms to the contributions system that introduce Section 7.12 levy rates for State Significant Development including, but not limited to, large-scale solar projects. OPE guidance suggests that Section 7.12 levies along with Voluntary Planning Agreements (VPA's) are the two primary mechanisms by which councils can collect contributions towards infrastructure arising from State Significant Developments including renewable energy projects. LGNSW is aware that many throughout the local government sector have previously identified concerns to the Department with this methodology and its application to this type of development. The significant concerns that councils reported to LGNSW were previously detailed though the submission to NSW Department of Planning, Industry and Environment on Infrastructure Contribution Reforms.

The position of LGNSW as outlined in the Infrastructure Contributions Reforms submission is that planning legislation should be amended to guarantee the payment of local infrastructure contributions for all State Significant Developments (SSD) where there is a local contributions plan in place.

Several regional councils have expressed concerns that the proposed changes to the way levies for solar and wind farms are calculated under Section 7.12 levies will create a significant gap in contributions, as this charge is a departure from their current contributions policy, for example where they apply a 1% levy under s 7.12.

In regional areas, councils and their communities are concerned that they are being overlooked for important supporting infrastructure because the approval bodies for these developments do not always require payment of contributions for local infrastructure as a condition of approval for SSD. This means that conditions requiring local infrastructure contributions for SSD (which are approved by the State) are not being applied consistently, as they are for locally approved development (which are approved by councils). Councils and communities are not seeking a windfall through the application of contributions, in contrast they are seeking fair contributions in recognition of the impacts of large-scale renewable energy projects and the contributions that communities within the REZ will make to renewable energy and emissions reductions.

The draft Large-Scale Solar Guidelines recently exhibited by OPE refer to the reforms to the contributions system that introduce a cap on developer contributions levied on large-scale solar projects at $450,000 per project (under s7.12 of the EP&A Act). This limits the ability of councils to capture infrastructure contributions for communities. The Guidelines also discourage councils from negotiating VPAs for benefit sharing arrangements and suggest if community benefit funds are set up then they should be overseen by developers. This is unacceptable and there should be an expectation that all project proponents will negotiate in good faith benefit sharing arrangements with local councils.

Councils are concerned that the levy will be charged for solar and wind farms based on $2,000 per megawatt capped at $450,000. We understand this to mean that every solar farm regardless of the size will pay the same. We believe however that the proposed approach will leave communities worse off, is inequitable for proponents and may also encourage project proponents to seek ways to avoid additional costs potentially though consolidating projects.

The following example as provided to LGNSW from a local government stakeholder highlights the key issues raised by several councils and Regional Organisations of Councils (ROCs) across the sector with respect to the way the infrastructure contributions and benefit sharing will be applied in the case of large-scale solar projects as detailed in the draft Large Scale Solar Guideline.

Greater Hume Shire recently entered a VPA with a solar farm proponent. The farm will generate 1,000 megawatts of electricity and the total value of the project is $636.56 million. The VPA provides for the company to pay the Council $150,000 per year for the life of the development (30 years). In addition, the company is establishing a community fund valued at $5 million which it will directly manage. The VPA recognises the time it takes for this type of development to reach fruition and is providing direct benefits for the community. The alternative charging approach will negate these agreements and the impact on councils and the communities they represent will be significant.

A further example at the other end of the spectrum is another development in Greater Hume Shire for a 5-megawatt solar farm development valued at $7.6 million. Council is the

Consent Authority and will apply a 7.12 levy of 1% to the development resulting in a contribution of $76,000. Under the infrastructure contributions reforms Council will be forced to impose a flat fee of $2,000 a megawatt resulting in a total contribution of $10,000. The $10,000 is the same contribution as a person building a house in Greater Hume Shire will be required to pay under the Set Local Levy Condition.

In addition, the NSW Government's proposal to cap contributions at $450,000 means the total contribution the company building the $636.6 million dollar development will be the same as a development half its size. There are concerns that this approach could have the perverse result of undermining the Government's REZ initiative. Solar and wind farm developers could decide to minimise their infrastructure contributions by choosing to consolidate developments rather than spreading them across the State, resulting in negative social implications as well as economic savings for proponents. Why build 5 solar farms generating 225 megawatts and pay $2,250,000 in levies when a developer could build one farm generating 1000 megawatts and pay just $450,000. There is clear support for a scaled approach to solar and wind farms to ensure there is some level of equity for communities that host these projects.

There are numerous community benefits which are created through renewable energy projects and local councils are both cognitive and supportive of this. Employment is a key benefit and LGNSW notes that such projects usually provide some direct jobs during construction, thereby enhancing the socio-economic wellbeing and prosperity for individual and communities. During the operation phase, renewable energy projects typically generate 4 to 6 full-time equivalent jobs but the opportunity for permanent, continuing employment will often result in sustained local employment, whereas temporary workers involved in the commissioning phase are more likely to be short term contracted employees potentially including a large percentage who are mobile. Additional contractors are also required to undertake incremental maintenance and repairs and provide support services on site (eg cleaning, landscaping/ vegetation management, waste removal, etc). This can create business opportunities for regional and rural businesses. Indirect economic benefits may also be generated for local businesses due to local discretionary or incidental spending by the project's construction workforce with flow-on distribution of wealth throughout the local economy.

Diversification of the economic base through generation of employment opportunities is an important community benefit as rural communities are typically far more sustainable when there are multiple income or employment streams. Communities where employment is almost exclusively made up from one sector are often less resilient to change.

Some landholders will gain financial benefits from leasing their land for the siting of wind turbines, access roads, concrete batching plants, laydown areas and site offices. Local councils and major businesses may secure energy supply contracts with a local renewable energy business to lower their carbon footprint and reinvest cost savings back into their business or local community.

LGNSW understands that there are numerous Aboriginal land claims on land that may be suitable for renewable energy projects, particularly in areas designated as REZs. Prioritising the determination of these claims can assist in providing certainty for the community and proponents, ensuring that culturally important sites are protected and enable Aboriginal communities to engage and benefit from REZs where appropriate.

Recommendation 6: LGNSW recommends that levies for renewable energy projects are scaled appropriately and not capped, so that communities receive the financial contribution that is proportionate to the size and impacts of the development.

Recommendation 7: LGNSW recommends the NSW Government invests greater resources in clearing the backlog of Aboriginal land claims, including so that Aboriginal communities have greater opportunity to contribute to and benefit from REZs.

Workforce availability

Councils and communities across NSW are suffering the impacts of skills and labour shortages, which slow economic recovery and hamper productivity. Additional skilled workers in rural areas are sought in several sectors including agriculture, local government, mining, aged care and health care. Where skilled workers relocate to smaller regional communities there can be many benefits including growing the permanent population, additional school enrolments, new social opportunities and other social benefits.

Demand for skilled workers often exceeds supply in rural and regional centres, driving up costs and delaying investment. Renewable energy construction contractors often bring in their own skilled and trained teams, however there will usually be opportunity for some locals to be employed. While renewable energy projects represent employment opportunities for locals, they may also draw labour away from existing industries such as agriculture or local government. Where councils are not able to attract and retain appropriately skilled workers, they struggle to deliver the range and level of services their communities expect.

Business and government can work cooperatively to offer a range of training and employment opportunities to ensure that skilled workers can be employed across multiple industries. If managed appropriately the diversification of employment opportunities can lead to substantial benefits and provider a greater range of employment choices for young people potentially limiting the number of residents leaving regional and rural areas for improved employment opportunities elsewhere.

Recommendation 8: LGNSW recommends that business and government work cooperatively to offer a range of training and employment opportunities, particularly for youth, to suit multiple industries.

Land use change and coexistence

Renewable energy can assist in broadening the economic base of rural communities. The provision of local 'green' energy production also opens opportunities for various high tech and new generation industries to locate nearby. An excellent example where this is already occurring is the Parkes Special Activation Precinct. In this example investment by government and industry across several key industries has led to further investment, which in turn has encouraged skilled workers to relocate to Parkes and surrounds. This population growth has driven a building boom and benefits to the local economy through new retail and service industry opportunities.

Certain activities across both renewable energy and agriculture and more compatible than others. Wind farms tend not to 'lock up' prime agricultural land because rural production

can continue largely unaffected. Solar farms do prevent cropping and cattle production; however, sheep grazing is still viable. We note there is already work in train to map Important Agricultural Land and State Significant Agricultural Land which will provide a basis for identifying land most suitable for agriculture. However, an understanding of the compatibility of neighbouring land uses is also necessary. For example, wind farms can prevent the use of aerial spraying or use of drones in nearby properties, necessitating a change in agricultural practices which may be more costly for neighbouring landholders.

It would be ideal to chart complementary activities to every class of agricultural land from prime land through to lower quality land both to ensure that higher quality agricultural land is retained for cropping and grazing, and that lesser quality land is potentially considered as a better option for renewable energy projects, depending on the other factors involved.

Recommendation 9: LGNSW recommends that further investigations into compatible land uses be undertaken in consultation with key stakeholders and the results from this research inform planning mechanisms.

Local infrastructure and services

As outlined above, skill shortages represent a common issue experienced in rural and regional communities. Renewable energy projects are often an opportunity to attract skilled workers to rural communities as well as build the skill base of the existing community. However, agriculture and other resource focused industries have historically represented important growth areas for rural employment and therefore the ongoing sustainability of these industries should be protected. The importance of agricultural employment should influence the extent to which renewable energy projects proceed in areas where they can be co-located with agricultural enterprises or that they are located on low quality land.

An Even Brighter Future, the 20-year economic vision for regional NSW sets out that the NSW Government expects more than 19,000 new jobs in inland regions over the next two decades, with most of these in agriculture, forestry and commercial fishing (4100), construction (2500), healthcare and social assistance (2400) and administrative and support services (2400). Mining, which is a smaller employer in these regions, could add an extra 39 per cent to current job figures. Population growth in the inland areas will be led by the Southern New England High Country area (which includes Armidale and Walcha), followed by Upper North West (containing Moree, Inverell and Narrabri), Western Riverina (Griffith, Leeton and Narrandera), and South Western Slopes (Young).

Inland areas have specialisation in several traded clusters - including agribusiness - and are well positioned to take advantage of future export opportunities as well as growing demand in NSW. As such it is imperative that agricultural industries are well placed to grow into the future noting the contribution to net exports as well as local employment which drives strong regional and rural communities. The social and economic benefits of the agricultural sector should not be underestimated and be given due consideration when assessing sites for renewable energy projects.

There are a number of opportunities and challenges that regional communities will face from the growth of both the renewable energy and agricultural sectors. Opportunities will include:

- providing another potential source of employment and building the economy in rural regions;
- funding for public benefit purposes via voluntary planning agreements;
- accessing renewable energy and decarbonising the energy supply;
- accessing improved mobile and internet services as proponents generate additional infrastructure.

Conversely the challenges that communities could face are detailed below and highlights the potential complexity in siting future renewable energy projects. The importance of stakeholder consultation cannot be understated in resolving any potential conflicts at the earliest possible stage of the project planning.

- Tension or division in local communities, which may depend on whether there are those that benefit financially or that may bear environmental, social or economic costs as a result of the project;
- Ensuring that local communities can access the training and skills required to be employed within the renewable sector, enabling them access to competitive incomes;
- Exacerbation of the difficulties in finding rural labour. The agricultural sector has faced a downturn in people looking to enter the sector, with climate change and economic uncertainty having taken a toll. Agriculture as a career needs to be supported in order to ensure sustainable agriculture into the future and to provide for food security;
- Managing waste from wind turbines and solar panels into the future
- Challenges of marginal agricultural land being fragmented and lost to other industries where future innovation could drive improvements in marginal soil allowing this land to become more productive;
- Uncertainty for local businesses regarding where future renewable energy projects and related transmission lines might be built;
- Loss of visual amenity has been raised in some communities and can impact on rural views, altering the nature of the landscape
- Limited opportunity to influence the developments as community consultation only occurs after the project concept design work has been completed and work on the EIA has commenced;
- Impacts on council infrastructure which could include damage to rural roads not designed to withstand heavy vehicle movements and/or impacts on council waste facilities;
- During the construction phase, additional pressure on local housing supply and local roads.

Where specialised staff are relocated for a large-scale project commissioning this can negatively impact an already challenging regional rental market. As is the case in the mining sector, an increase in temporary workers can have negative social consequences and also means that income flows out of regional communities as soon the project moves to a maintenance phase. Such impacts should be considered in light of the population movements already occurring where people are relocating to rural and regional communities yet retaining remote employment in metropolitan areas. This trend is already impacting housing markets in a post-pandemic landscape where workers retain higher incomes putting further pressure on housing access.

To improve responsiveness to new housing demand in these communities in the short-term, development approvals could require the renewable energy proponents to fund the construction of additional housing, initially for the construction workforce, then handed over for local and/or social housing needs. Construction of additional housing can also provide employment for local trades and service providers and minimum standards would need to be applied to ensure the quality and sustainability of the dwellings constructed, taking into consideration local climate and local needs. Construction of mining camp type accommodation is not recommended and should be avoided.

Recommendation 10: If the need for additional housing is demonstrated via enhanced SIA processes, consent conditions could require renewable energy proponents (particularly large-scale) to fund construction of additional housing for its construction workforce, which can be handed over for local and/or social housing needs.

Market signals, investments, and industry development

As with any business a clear handle on the expected costs, operating environment and risks is necessary to determine viability. Given the challenges for communities hosting renewable energy projects that have been outlined above, further guidance on what is expected of projects and proponents in terms of community consultation and indirect impacts would be helpful in de-risking projects. In addition, clarification of the costs of decommissioning and rehabilitation of renewable energy projects can ensure industry understands the true cost of projects.

As is the case across the waste industry which has pivoted to focus on achieving emissions reductions targets, a long-term strategy, which is agreed upon by all levels of government and is supported with regulatory measures and financial support is crucial to drive investment from industry. A strong framework can provide the surety required to drive innovation and encourage industry to develop to meet emerging needs. In the case of renewable energy this could well drive improvements to infrastructure improving the compatibility of the sector with agriculture and other industries.

There has been substantial cross-sector collaboration within the waste industry, with various examples of Australian universities partnering with councils and industry to deliver on waste sector priorities. For example, the UNSW SMaRT Centre collaborates with various partners across its public and bespoke research programs. Program partners have included Molycop in the development of Green Steel. Such collaborations have led to innovative technology being used to drive circular economy outcomes and create end markets for waste products. A case study highlighting the success of this project is located here https://www.smart.unsw.edu.au/technologies-products/green-steel.

The Monash Sustainable Development Institute is currently working on a Circular Economy Textiles Project where the focus is on examining what can be done to transition the Australian fashion and textiles industry to a circular mode of production and consumption - a model where there is no waste.

These types of academia/industry partnerships have received state and federal funding as well as other support to drive innovation. Other options for support could take the form of fast-tracked temporary approvals (where the risk to human or environmental health is low) to facilitate pilots or trials, technical input from government experts to develop research

methodologies for example CSIRO or Office of the Chief Scientist & Engineer and finally showcasing success to drive further investment from industry.

Recommendation 11: LGNSW recommends that the State Government investigate suitable partnerships with industry and academia to inform future innovation and drive strong market signals to encourage investment from industry.

Open questions

LGNSW would recommend that the NSW Department of Primary Industries give due consideration to all feedback received from the local government sector through this consultation process noting that local councils are a cornerstone of regional and rural communities across NSW. Councils manage an increasingly complex list of community services which are designed to ensure that regional communities are sustainable and liveable. Agricultural enterprise has historically contributed substantially to the fabric of these communities as well as delivering food and fibre across Australia and beyond.

At the same time, renewable energy projects represent an important opportunity for regional communities in terms of economic benefits. However the NSW Government has a clear responsibility to ensure that development controls are in place to enable these industries to co-locate without impacting on the amenity, productivity and social cohesion of regional and rural communities.

There are international examples where governments continue to learn from one another to ensure a continued acceleration towards emissions reduction through renewable energy. On 16 May 2022, the NSW Government entered a MoU with the Danish Government to support one another in meeting the target of net zero emissions by 2050. The NSW Treasurer, The Hon. Matt Kean said the agreement will support collaboration between the governments of New South Wales and Denmark on innovation, policy and program design and trade, investment and technology transfer. Such collaboration is beneficial to the communities of both countries, enabling technology and innovation to drive sustainable energy production into the future.

Conclusion

There is substantial opportunity to strengthen the regulatory and policy framework which will guide the future of renewable energy in NSW. Consultation to understand third party impacts and to determine suitable locations is crucial and should be built into development consents in order to provide greater certainty to councils and communities located within the REZ. Communities located within REZs are making a substantial contribution to the development of renewable energy in NSW through hosting these projects and this should be recognised and acknowledged though fair and equitable benefit sharing and compensation.

Social issues such as housing availability and managing workforce availability need to be addressed through project planning in order to deliver the best outcomes possible to local communities and not just over the short term.

The position of LGNSW as outlined in the Infrastructure Contributions Reforms submission and reiterated within this submission is that the payment of local infrastructure

contributions for all SSD including renewable energy projects should be scaled to ensure that contributions are commensurate with the size and impact of the development, ensuring that host communities receive a shared benefit.

Full responsibility for renewable energy projects needs to be vested with the project owner and/or host landholder and all aspects of the project including decommissioning and rehabilitation should be regulated from the outset, through the application phase to ensure that councils and communities are not left with a burden of legacy remediation.

Land use conflict is at the centre of this issues paper and this submission has detailed the range of opportunities and challenges which are present in order to facilitate renewable energy projects on and near agricultural land. Future food security and the importance of agricultural land in contributing to ecosystem services should be given due consideration as should the need to meet emissions targets. As a result, only compatible operations should be supported through future planning measures.

For further information, please contact Alison Thompson, Senior Policy Officer Waste, or Susy Cenedese, Strategy Manager Environment, via email or on 02 9242 4000.