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Canberra Region Joint Organisation's submission responding to the interim report by the Australian Government's Productivity Commission in its inquiry into investing in cleaner, cheaper energy and the net zero transformation

This submission is from the Canberra Region Joint Organisation, a NSW local government entity, comprising the following regional councils as well as the ACT Government and Canberra Airport as its members:

- *Goulburn Mulwaree Council*
- *Snowy Valleys Council*
- *Eurobodalla Shire Council*
- *Bega Valley Shire Council*
- *Snowy Monaro Regional Council*
- *Queanbeyan Palerang Regional Council*
- *Yass Valley Council*
- *Upper Lachlan Shire Council*
- *Hilltops Council*
- *Wingecarribee Shire Council*
- *Wagga Wagga Regional Council*

This submission is to the Australian Government's Productivity Commission in relation to its interim report as part of its inquiry into investing in cleaner, cheaper energy and the net zero transformation, open for submissions until 15 September 2025.

This submission is in addition to the individual submissions that have been made by Canberra Region Joint Organisation member councils.

Major Submission – Establishment of a Mandatory Community Benefits-sharing Payments Scheme

The NSW regions surrounding the ACT (broader Canberra region) are increasingly hosting new renewable energy generation developments, both wind and solar, as well as significant electricity transmission and distribution projects, in particular Snowy Hydro and Transgrid transmission lines and waste to energy facilities such as at Tarago, NSW, despite not being within NSW-designated renewable energy zones.

While generally positive about contributing to achieving the Australian Government's commitment to net zero emissions, there is building and significant local community objection to:

- the use of prime agricultural and agritourism land and natural reserves for this purpose, and
- the disproportionate negative ongoing impacts of developments, usually inconsistent with local planning policies, without commensurate and meaningful financial contribution by energy companies towards achieving net community benefit over the life of their operations being hosted in the local region.

In particular, cumulative and ongoing impacts on local host communities are not being properly assessed, addressed or offset due to limitations of state planning processes which focus on impacts associated with project delivery rather than ongoing impacts and assessment of project impacts one project at a time.

In terms of the ongoing hosting of renewable energy operations in regions, energy companies are often exempt from paying council rates and therefore, unlike other industries' businesses and landholders do not contribute to the broader community financially via local councils.

Local councils are calling for legislation, planning processes and guidelines changes to mandate ongoing financial payments by energy companies to councils for the purpose of contributing to broad use council-provided infrastructure and services.

To this end, local councils in the broader Canberra region are in the process of developing and adopting policy positions regarding renewable energy developments hosted in their local government areas whereby they are considering seeking ongoing, 'rates-like' payments to councils over the life of energy operations being located in their local government areas, in other words establishment of an ongoing community benefits-sharing payments scheme to local councils.

Due to limitations in the amount of 'say' councils have in actually achieving community benefits-sharing payments for state significant developments, both state and federal government support is needed to mandate the establishment of such a scheme as well as practical amendments to either state legislation or planning processes and to federal and state guidelines to support and reinforcing community benefits-sharing payments schemes in practice.

Councils in the broader Canberra region are actively advocating energy companies, state and federal governments for community benefits-sharing payments as well as stronger community consultation and improved planning coordination, particularly for projects proposed outside of designated NSW renewable energy zones.

Councils in the region are also seeking significantly improved mechanisms to identify and address cumulative, localised impacts of energy developments while supporting the broader shift to a low emissions.

Establishment of a community benefits payments scheme with payments to councils for large, council-provided infrastructure and services is, importantly, being sought over and above current community benefits programs generally consisting of relatively small community grants programs and small projects funding that are put in place by energy companies.

Comments with respect to recommendations relating to community consultation and social licence:

While the interim report calls for reforms that include clear rules about engaging with local communities and notes, rightly, that securing a social licence with local communities is crucial and that communities have a right to be heard, its recommendations clearly focus on reducing costs, delays and other barriers to renewable energy development. Councils fully support the report's recommendation to develop national standards for engagement to raise the bar for consultation however contend that undertaking the work needed to actually obtain a 'social licence' and achieve net community benefits for local host communities may easily be considered to be not conducive to speeding up approvals and reducing costs and therefore subordinate to these recommendations.

Local host community sentiment is increasingly negative about the meaningfulness of consultation and especially its outcomes which are not addressing the disproportionate, unavoidable negative impacts on local host communities compared with broader communities. Energy companies, and by extension, broad energy consumers should be required to ensure net community benefit is achieved for local host communities and local government is calling for that to be via the establishment of mandatory community benefits-sharing payments schemes to councils.

Regional and rural communities in our region, amongst others, feel burdened by any infrastructure serving metropolitan areas and broader consumers, the majority of whom are not in their local areas and who do not contribute towards achieving benefits in local host communities but derive benefit themselves from not hosting the infrastructure, which adds to resistance to these developments by local host communities.

The interim report highlights benefit-sharing as a way to secure community support which aligns with broader Canberra region councils' advocacy. As the only provider of major, broad community infrastructure, including roads, bridges, drainage, potable water, sewerage and waste management services in regional and rural areas and a major service provider, a local council must be the recipient of dedicated community benefits-sharing payments, over and above the types of community benefits initiatives and projects funding that is currently establishing by energy companies locally.

Moreover, financial contributions need to be made to councils over the full operating life of energy developments, not just at the time of construction. These are not intended as direct impacts offset payments associated with development but rather community benefits contribution payments, that is, contributions towards delivery of inter-generational, broad-use, council-delivered community services and infrastructure to be made by energy companies, like any other business and industry make via rates.

All community benefit-sharing arrangements, whether via payments to councils or to other local community organisations must be tangible and locally relevant. Regional communities should be recognised for their contributions to achieving net zero via hosting of renewable energy infrastructure.

Comments with respect to the three main recommendation areas within the interim report:

Speeding up approvals for new energy infrastructure

- Despite community consultation often being felt by communities to be considered a delay, it is the case that project delivery delays often come about due to poor initial consultation by energy developers with impacted and local host communities, especially when they are announced without early engagement with impacted people and businesses.
- The urgency of the transition to renewable energy is generally understood and, along with that the need for expedited approval pathways, such as via dedicated approval tracks, reduced duplication and prioritisation in planning systems.
- However, any expediting of approvals must not be at the expense of comprehensive assessment that fully takes into consideration real and potential land use conflicts with respect to housing, agriculture, agribusiness, tourism, conservation and natural state environments and the amenity of rural villages and towns and the cumulative impacts of multiple energy developments in a region
- Regarding the proposal to reform environmental laws to expedite approvals for clean energy, there is concern that the current opportunity for local host communities to appeal against

renewable energy installations to protect biodiversity may be lost in the aim to speed up construction approvals.

- The Canberra Region Economic Development Plan (2023), along with all similar recent plans, identifies housing availability and affordability as a key issue for the region. While this is the case in many regions, the broader Canberra region is affected by the ACT's low rental vacancy rate of 1% and high rental prices which are the most expensive in Australia. This increases demand in adjacent NSW local government areas which are projecting significant population growth.

  The broader Canberra region cannot provide for residential growth and host renewable energy installations, unless the state is allowed to continue to override local planning scheme protections such as buffer zones. The impacts of these protections being overridden and are permanent on lifestyle and other local industries which rely on rural aspect.

Reducing the cost of meeting emissions targets

- Geographic consolidation of product processing with the location of primary production, as well as close proximity to distribution networks is key to saving transport miles and costs of reducing emissions
- Carbon offsetting programs and carbon accounting are not well trusted, partially due to past failures and partially due to poor community understanding.

Addressing barriers to private investment in adaptation:

- Clear, accessible data on climate risks, insurance, and financial benefits of upgrades. Localised projections and examples of successful retrofits can guide decisions.
- Passive design improvements to buildings and open spaces, town and cities are often overlooked in favour of active energy systems such as solar panels installations. More reward for proper passive thermal design needs to be built into building regulations and reward for smaller footprints overall built into both planning and building control regulations.
- Energy-efficient appliances and electrification are key to small, private investment in emissions reduction.
- Coastal and foreshore zoning, allowing for sea level rise and ecosystem migration is an example of adaptation via the planning system. This needs to be supported by regional-level climate projections data and integration of this data into planning systems.

The Canberra Region Joint Organisation sincerely thanks the Productivity Commissions for the opportunity to provide a submission to the interim report as part of the inquiry into investing in cleaner, cheaper energy and the net zero transformation. We look forward to continuing our positive working relationship as the inquiry progresses.

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15 September 2025