

**Submission
No 41**

**INQUIRY INTO IMPACT OF RENEWABLE ENERGY
ZONES (REZ) ON RURAL AND REGIONAL
COMMUNITIES AND INDUSTRIES IN NEW SOUTH
WALES**

Organisation: Shellharbour City Council

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To: The Director, Portfolio Committee No. 4, Parliament House,
Macquarie Street, Sydney NSW 2000.

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Submission on the Inquiry into the impact of Renewable Energy Zones (REZs) on rural and regional communities and industries in New South Wales

Shellharbour City Council (Council) welcomes the opportunity to contribute to the Inquiry into the impact of Renewable Energy Zones (REZs) on rural and regional communities and industries in New South Wales. The Illawarra REZ, a significant development under the NSW Government's Electricity Infrastructure Roadmap, offers both opportunities and challenges for Shellharbour and the broader Illawarra region. Council seeks to ensure that the Illawarra REZ maximises benefits for the Shellharbour community, therefore a number of recommendations are offered to the Committee in response to the inquiry Terms of Reference.

This submission is made by officers of Shellharbour City Council and does not necessarily reflect the view of the elected Councillors.

Impacts & Benefits

(a) current and projected socioeconomic, cultural, agricultural and environmental impacts of projects within renewable energy zones in New South Wales including the cumulative impacts

Council recognises and supports the significant benefits for economic growth, energy affordability, and environmental sustainability that REZs can bring to the community, industry, and environment.

Economic Growth and Employment

Benefit: REZs can drive significant economic growth by capitalising on the region's skilled workforce in construction, maintenance, and renewable energy industries. This development creates local employment opportunities, strengthens regional economies, and fosters economic resilience.

Risk: Without targeted investment in training and upskilling in REZ regions, diverse and vulnerable groups may be excluded from these opportunities. Additionally, reliance on contractors outside of the region could undermine the potential for local job creation and economic benefits.

Recommendation 1: Invest in comprehensive training and upskilling programs to ensure equitable access to REZ employment opportunities. Prioritise local workforce participation by developing policies that support hiring local workers and contractors.

Affordable and reliable energy for socio-economic parity

Benefit: Transitioning to renewable energy sources can significantly reduce energy costs for households and businesses. This is particularly advantageous for low-income families, who are disproportionately impacted by rising energy prices. Reliable energy infrastructure also enhances the region's economic resilience, supporting long-term growth and local industries.

Risk: Without careful planning, the upfront costs of renewable energy infrastructure or insufficient access to programs could exclude vulnerable populations, limiting equitable benefits. Delays or gaps in infrastructure development may also disrupt energy reliability and economic stability.

Recommendation 2: Develop equitable programs to ensure that low-income families and vulnerable groups can access the benefits of renewable energy, such as subsidies, financing options, or community energy initiatives. Prioritise the timely development of reliable energy infrastructure to enhance regional resilience and support sustainable economic growth.

Environmental Benefits

Benefit: The shift from fossil fuels to renewable energy significantly reduces greenhouse gas emissions, helping NSW and Australia achieve net-zero targets. This transition improves air quality, supports local biodiversity, and enhances public health outcomes.

Risk: Inadequate planning or delays in the transition could limit the effectiveness of emission reductions and environmental improvements. Poorly managed renewable energy projects may also risk unintended ecological impacts, such as habitat disruption or biodiversity loss.

Recommendation 3: Ensure renewable energy development aligns with environmental best practices for that region, minimising ecological impacts and maximising emission reductions. Develop comprehensive policies and programs that integrate best practice biodiversity conservation into project planning and execution.

Addressing Fire Risk and Insurance Implications

(b) current and projected considerations needed with regards to fire risk, management and containment and potential implications on insurance for land holders and/or project proponents in and around Renewable Energy Zones (REZs)

While emergency service coordination is beyond Council's control, detailed fire risk management plans are essential for REZ developments. The increased fire risk from new infrastructure, land use changes, and heightened activity in rural areas poses challenges for landholders and insurers, including property damage, higher premiums, and coverage accessibility issues. Consultation with local councils on proposed REZ development will be essential to ensure that controls put in place to mitigate risks are localised and compatible with the surrounding land uses.

"Development interest in renewable industries such as wind or solar farms will need to be managed to ensure compatibility with the surrounding environment. For example, solar energy production in appropriate areas of Shellharbour's rural lands could be supported to capture a wide range of environmental, economic and employment benefits. However, such industry must be carefully coordinated so as to mitigate negative impacts to the area's productive rural lands, scenic values and tourist activity." – Shellharbour Rural Lands Strategy

Effective fire management strategies are critical to mitigating risks. These strategies must consider both the direct impacts on REZ infrastructure and the broader landscape, including surrounding agricultural and residential areas.

Recommendation 4: Guidance should be provided where REZ infrastructure affects public lands and Council liability. REZ developments must implement comprehensive fire risk management strategies that emphasise proactive prevention and rapid response, incorporating collaboration with local emergency services, landholders, and insurers. Additionally, NSW Government should ensure policy is in place to sustain affordable and accessible insurance options for landholders in and around REZs to mitigate unnecessary insurance surcharges for proximity to REZ infrastructure.

Policy Alignment and Financial Implications Support to Local Governments

(c) the historical, current and projected future financial costs associated with construction and maintenance of large-scale projects within Renewable Energy Zones

(d) adequacy, and management of voluntary planning agreements and payments made to the LGAs impacted by Renewable Energy Zones

There are a number of significant challenges and risks to Council associated with supporting the implementation of the Illawarra REZ. As a local government authority, Council faces the dual responsibility of ensuring the development of the REZ benefits the community while also addressing the logistical and operational demands it imposes. This dual role highlights the need for clear policy alignment and adequate financial support from both developers and the NSW Government.

One of the primary challenges is the increased burden on council resources to manage the additional responsibilities associated with REZ development. These responsibilities include planning and executing necessary infrastructure upgrades, supporting and participating in community engagement processes, and ensuring that local services can meet the logistical requirements of such a large-scale development. For example, the construction and maintenance of renewable energy infrastructure may necessitate upgrades to roads, transport networks, and utilities, all of which require significant financial and operational input from the council.

Compounding these challenges is the need for a clear and consistent policy framework to guide planning processes, compensation mechanisms, and environmental sustainability measures. In the absence of such a framework, local councils may face uncertainty in navigating complex project requirements, managing stakeholder expectations, and ensuring that community benefits are equitably distributed.

Recommendation 5:

1. Developers should provide adequate financial contributions through enhanced Voluntary Planning Agreements (VPAs) to support local communities, infrastructure upgrades, and long-term sustainability. These contributions should be allocated in consultation with community to determine priority areas and outcomes for investment that aligns with local needs and aspirations.
2. Establish robust policies to guide planning, compensation, and sustainability processes, ensuring alignment between state government objectives and local council priorities.

Supply and Demand

- (j) current and projected supply and demand levels of manufactured products, raw materials, and human resources required for completion of Renewable Energy Zones and their source*

The development of REZs requires substantial materials like steel, concrete, and renewable energy components, which can be sourced from Illawarra's existing industries, as well as skilled human resources across all project stages. To ensure sustainability and economic resilience, locally sourced materials and labour should be prioritised, with early engagement of local industry stakeholders to meet demand and reduce reliance on external suppliers. Incorporating sustainability criteria into procurement processes will further support regional economies, minimise environmental impacts and align with regional sustainability initiatives.

Recommendation 6: REZ development frameworks should embed robust supply chain strategies to assess current and projected material and resource demands, prioritising the use of local suppliers where feasible. Developers should foster partnerships with local industries to build capacity, drive innovation, and integrate them into REZ supply chains. Significant investment in training and upskilling programs will also be critical to ensure a skilled local workforce is available to meet project needs.

Community Consultation, Engagement, and Education

- (i) adequacy of community consultation and engagement in the development of Renewable Energy Zones, and associated projects*

Community consultation processes related to REZs have been inconsistent and divisive to date, leading to concerns and misinformation among residents and stakeholders. Key issues include a lack of transparency around land use changes, insufficient communication regarding potential environmental impacts, and unclear mechanisms for the equitable distribution of benefits. These gaps in consultation can erode public trust and foster opposition, particularly in communities that feel excluded or marginalised from decision-making processes. Shellharbour has a rich Indigenous heritage, and it is essential that the voices of local Aboriginal communities are heard and respected throughout the planning and implementation of REZ projects. Incorporating Indigenous knowledge and perspectives not only ensures the protection of cultural heritage but can also enhance the sustainability and success of REZ initiatives. Consultation with all stakeholders must go beyond a one-off process to become an ongoing dialogue that is inclusive, transparent, and meaningful. Without robust frameworks, there is a risk that REZ projects will be perceived as imposed rather than collaborative, creating unnecessary delays and opposition.

Recommendation 7:

1. The NSW Government should establish mandatory frameworks for consultation, engagement, and education to ensure consistent, inclusive, and transparent communication throughout the lifespan of a REZ. These frameworks should actively involve councils, residents, and First Nations groups to align with community priorities, safeguard cultural heritage, and embed local Indigenous knowledge.
2. State-wide education campaigns should highlight REZ benefits, address misconceptions, and work with councils to tailor messaging to local needs. Communication materials must be accessible, culturally appropriate, and available in various formats to ensure inclusivity. Engagement should be ongoing, with regular opportunities for feedback and transparent updates on project progress, showing how community input has shaped decisions.

Projected Impact on Visitation to Regional Areas with Renewable Energy Zones

(g) projected impact on visitation to regional areas with renewable energy zones resulting from changes to land use

Benefit: REZs can attract visitors interested in eco-tourism, renewable energy education, and innovation, providing a unique opportunity to showcase sustainable technologies while promoting regional tourism and economic growth.

The University of Wollongong will provide a permanent exhibition in late 2025 called “The Energy Futures Zone” that focuses on renewable energy education and interactive exploration. This hub will provide a destination for visitors and residents of the Illawarra to access reliable and informed knowledge of the benefits of REZs that can mitigate the concern for visual amenity impact. – UOW July 2024

Risk: Changes in land use due to REZ development may impact the visual and environmental landscape, potentially deterring traditional tourists and affecting existing tourism-dependent businesses.

Recommendation 8: Integrate REZ planning with local tourism strategies to ensure infrastructure development complements existing attractions and enhances the visitor experience. Engage with local stakeholders to identify opportunities for eco-tourism and education initiatives, leveraging REZs as a drawcard for sustainable regional promotion while minimising adverse impacts on traditional tourism.

Decommissioning and Long-Term Sustainability

(i) how decommissioning bonds are currently managed and should be managed as part of large-scale renewable projects

Shellharbour Council does not currently have adequate waste disposal and resource recovery programs or facilities established to handle materials from large-scale Illawarra REZ projects at the end of their lifecycle.

Benefit: Properly managed decommissioning bonds ensure renewable energy infrastructure, such as wind turbines, solar farms, and battery systems, is safely removed and land is restored at the end of its lifecycle. This protects local communities from environmental and financial risks, preserves land usability, and maintains public trust in renewable energy projects.

Risk: The absence of clear, enforceable guidelines for decommissioning bonds can lead to abandoned infrastructure, degraded landscapes, and environmental contamination, imposing significant financial burdens on councils like Shellharbour City Council and local communities. These issues may strain already limited resources and erode public confidence in renewable energy initiatives.

Recommendation 9: The NSW Government should establish clear and enforceable guidelines for decommissioning bonds as part of the planning and approval process for renewable energy projects. These guidelines should mandate that developers are financially accountable for decommissioning and land restoration, with bonds secured upfront and reviewed periodically to reflect actual costs. Local councils and stakeholders should be involved in the development and monitoring of these plans to ensure transparency and alignment with community needs.

Alternate renewable energy programs and Compensation

- (d) proposed compensation to regional New South Wales residents impacted by Renewable Energy Zone transmission lines:
- (h) suitable alternatives to traditional renewable energy sources such as large-scale wind and solar

Community Ownership and Participation: Community ownership of renewable energy infrastructure enhances local engagement, trust, and equity in REZ development. Co-ownership models, such as cooperatives, public-private partnerships (PPPs), and community benefit shares, enable residents to invest in and benefit from renewable energy projects through economic returns, reduced energy costs, and social equity. These initiatives address energy poverty, create local jobs, and empower communities in the energy transition. Programs should prioritise disadvantaged groups, provide accessible financing, and offer training to build capacity for asset management. Transparent governance and state support are crucial to ensure fairness and effectiveness, fostering inclusive, sustainable energy development.

Compensation for Landholders and Neighbours: Fair and transparent compensation for landholders and neighbours impacted by REZ infrastructure is vital to maintaining trust and minimising opposition. Changes in land use, visual impacts, and disruptions should be addressed through financial incentives like direct payments or reduced energy costs, as well as non-financial benefits such as community infrastructure upgrades or environmental offsets.

Recommendation 10: The NSW Government should consider integrating community ownership and equitable compensation mechanisms into the REZ framework to build trust, inclusivity, and economic empowerment. This includes funding and promoting co-ownership models and enhancing compensation structures with transparent processes, financial and non-financial incentives, and equitable frameworks for affected landholders and residents.

Roles and Responsibilities

- (k) the role and responsibility of the Net Zero Commission and Commissioner in addressing matters set out above*

Council highlights the critical role of the Net Zero Commission and Commissioner in leading the renewable energy transition and achieving net-zero targets. Through clear guidance, advocacy, and equitable REZ policy development, the Commission can empower local governments and communities to drive sustainable outcomes. By supporting collaboration, transparency, and funding, the Commission can ensure REZ projects align with local priorities, create jobs, and foster inclusivity, contributing to state and national net-zero goals.

Conclusion

Renewable Energy Zones are recognised as a transformative opportunity to drive economic growth, energy affordability, and environmental sustainability, but also present challenges that require careful planning, robust policy frameworks, and inclusive community engagement.

Council emphasises the need for equitable consultation processes, meaningful First Nations involvement, and transparent compensation mechanisms to ensure that REZ developments benefit all stakeholders. Prioritising local materials procurement, workforce development,

and sustainability practices is essential to maximise economic and social benefits while mitigating risks such as fire, environmental impacts, and public opposition.

By considering and incorporating the recommendations offered in this submission, the NSW Government can ensure that the Illawarra REZ and similar developments set a benchmark for inclusive, resilient, and environmentally responsible renewable energy infrastructure. Shellharbour City Council remains committed to working collaboratively with the government, local stakeholders, and the broader community to achieve the shared goal of a sustainable, net-zero future.

Regards,

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