Ag Energy Taskforce

Submission to

Australian Energy Infrastructure Commissioner

Community Engagement Review

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Contents

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Background

The Ag Energy Taskforce was established in September 2014 to enable the representatives of the Australian agriculture sector to collaborate, build capacity and advocate to alleviate the impact of high energy costs on agricultural industries. The remit of the Taskforce has expanded against the backdrop of Australia's energy transition, with a strong focus on land use and relationships with farmers and rural communities who are being asked to accommodate much of the energy transition infrastructure across rural landscapes.

Introduction

Both the energy and agricultural sectors are facing unprecedented change. Australian farmers grow food and fibre which is feeding and clothing the nation and the world. As a major trade exposed sector, agriculture seeks competitive advantage at a national and global level to be successful.

Australia's energy transition represents significant policy, regulatory, economic and land-use reforms and changes which are having an outsized impact on our regional and rural communities. From an agricultural perspective, farmers and rural communities not only have an interest in securing affordable and reliable energy for the future, but they will also house much of the energy infrastructure that is fundamental to the energy transition.

Recommendations and key summary points

There is sufficient existing guidance on what genuine community engagement could look like, as set out in this submission. It is critical however, that commitments made within social licence guidelines are met to avoid further alienating agricultural landholders and communities as part of Australia's energy transformation.

We make the following recommendations:

- Ensure that transmission projects are placed in the landscape with proper, timely consultation with landholders and communities, appropriate compensation or commercial consent and do not adversely impact existing land use.
- Provide funding to support communities, as appropriate, to develop and fund regional plans in a coordinated way that identify and address impacts of proposed renewable energy and transmission infrastructure development; this could also potentially maximise opportunities from renewable energy and transmission development.
- Project proponents should make landowners aware of how to access complaint mechanisms.
- Drive the cultural change necessary to ensure **project developers commit to, and deliver**, improved engagement and accountability. There is an existing mechanism for this to occur, for example, by being a signatory to the Energy Charter with broader CEO level commitments to customer and community centricity:
    - Through the Energy Charter Accountability Process, Charter members are required to be accountable and transparent around whether commitments are being met.
    - There is opportunity to examine how to ensure commitments are made across the entire supply chain, notably new entrants, renewable developers. Communities and

landholders expect all parts of the supply chain should meet their expectations in how they engage with them. We encourage renewable developers to consider ways to be visible with their commitments and allow communities to hold them to account.

- Provide funding to support national-level land use mapping to ensure the lived experience of local communities and their sense of place together with social, cultural, economic and environmental values are properly taken into account. This will reflect the relationship communities have with their local community/region and should occur with the participation of communities.

Community Engagement Review

The Ag Energy Taskforce[1] (the Taskforce) appreciates the opportunity to provide comments in response to the Australian Energy Infrastructure Commissioner's (AEIC) consultation paper relating to the Community Engagement Review on behalf of the Australian Government Department of Climate Change, Energy, Environment and Water.

We note the Review will consider community attitudes towards renewable energy infrastructure and provide advice on the best way to maximise community engagement and benefit in planning, developing and operating renewable energy infrastructure.

The Review is recognition that, to date, community engagement has not always been undertaken with the appropriate preparation and parameters in place to ensure the process from beginning to end is fair and transparent. It is also recognition of the crucial role of landholders and rural communities in the transition process.

The Taskforce has long held concerns that, as Australia's energy transition to renewables occurs across rural and regional communities, decision makers and infrastructure developers are not adequately considering the social and economic impacts on farmers and broader rural communities.

As part of the effort to decarbonise our industry and energy system under Australia's commitment to net zero, the significant penetration of renewable energy and the need to build electricity infrastructure, the Taskforce has frequently raised questions regarding the very evident gap in understanding between landholders and regional communities - and energy infrastructure developers. This is against the backdrop of the urgent need to build an energy grid capable of supporting the increasing shift to solar and wind power.

There has been a lack of genuine consultation with farmers and regional communities (as reflected in current community anxiety) who will host much of the energy infrastructure, yet there is an emerging power imbalance between communities and decision makers and

[1] ***Ag Energy Taskforce***: *National Irrigators' Council, National Farmers' Federation, Queensland Farmers' Federation, NSW Farmers, Victorian Farmers' Federation, Cotton Australia, Bundaberg Regional Irrigators' Group, Dairy Australia, Australian Grape & Wine, Canegrowers, Pioneer Valley Water (Mackay, Q), Central Irrigation Trust (SA), Murrumbidgee Groundwater Inc., AgForce Qld, Tasmanian Farmers & Graziers, Fruit Growers Tasmania.*

energy infrastructure developers. This conflict is centred on the way developers, including the renewable sector, have sought to engage rural landholders and communities against a desire to secure social licence. It is critical that attempts to secure social licence should not simply become a 'box ticking' exercise.

We know from the Australian Energy Market Operator's (AEMO) Integrated System Plan (ISP) that 10,000 km of high-voltage transmission lines will be required to be built by 2050 to support Australia's clean energy transition.

Prior to addressing the AEIC's consultation paper for this purpose, we note the AEIC's 2022 Annual Report to the Australian Parliament where the Commissioner made a series of practical recommendations relating to community engagement designed to improve the way renewable energy and infrastructure developers consult with farmers and agriculture communities. It is apparent that this is not aways occurring given the level of growing community hostility in many regions.

It is hoped that the outcomes of this Review will have the effect of supporting energy infrastructure developers to take a more careful, strategic and transparent approach in their engagement with farmers and communities as they seek to secure social licence.

As a general overview, we suggest the 2023 Community Engagement Review is a timely opportunity to reinforce the need for stronger commitments to:

1. Address the existing power imbalances between renewable and infrastructure developers and farmers and rural communities
2. Understand social and economic factors for farmers and in regional communities
3. Minimise impacts in the placement of transmission towers
4. Acknowledge the impacts to third parties not financially benefiting
5. The impacts on property values: these are significant as equity ratios for landowners are important as part of their financial capabilities.
6. Safe operation of machinery around renewable energy infrastructure, including insurance implications
7. Consideration and communication on undergrounding transmission infrastructure
8. Genuine community benefit sharing
9. Clear pathways and mechanisms to address complaints.

The Taskforce, through The Energy Charter has worked collaboratively with energy businesses through the Energy Charter Ag Energy Social Licence Roundtable, bringing to life the National Better Practice Social Licence Guideline co-developed by the sectors in May 2023. It commends recent efforts to train those on the ground to better understand and communicate with regional landholders through targeted Landholder Engagement training. Building social licence with communities requires significant effort and care.

Constructive relationships between infrastructure developers and communities will be difficult without a focus on clear and consistent community engagement during planning for major transmission. This will provide a platform to enable all stakeholders to work together

and support infrastructure developers to build and maintain trust with local communities as they seek to build social licence.

Addressing the scope of the Review

1. The Review will consider community attitudes towards renewable energy infrastructure and provide advice on the best way to maximise community engagement and benefit in planning, developing and operating renewable energy infrastructure.

2. In conducting the review, the AEIC should have regard to the following:

a. Perceived or actual environmental impacts

b. Perceived or actual impacts on agricultural land, including:

i. Emergency management, including fire and biosecurity risks;

ii. Increases in landholder insurance premiums; and

iii Tourism impacts and other aesthetic and cultural considerations

c. Perceived or actual impacts on Indigenous heritage and land rights

d. Community engagement and benefit sharing including financial, local infrastructure, knowledge sharing, and any other types of benefit.

2(a&b) Perceived or actual environmental impacts and impacts on agricultural land

It is not simply a matter of the monetary value of the land in question but the intrinsic value. For example, the AEIC review should consider the cumulative impact of a particular project to the adjacent landscape, neighbours and community, with questions such as:

- Will this project be 'yet another installation' in a district where there are already a number?
- Will a project's presence have insurance or valuation impacts for adjoining properties during the 25 years of operation, and be an impediment to activities the owners have planned for, eg farm stays or farm gate produce sales?

Additionally, for adjacent land there are secondary impacts from a development. For example, the 'PV heat island effect' occurs where there is a warming effect across the landscape, with the potential to influence biodiversity and wildlife habit, ecosystem functions and human health as well as agricultural land values of properties directly adjacent to these facilities. [2]

Solar installations typically occupy land which may be of better agricultural value, being flat and often suitable for cropping. The density of solar developments in REZs is rendering acres of productive farming land unusable. For obvious reasons, the only form of farming that can be utilised in tandem with solar developments is sheep grazing.
Landholders have raised concerns regarding the decommissioning of wind turbines. Cables and concrete footings of wind towers are generally left in the ground after decommissioning, resulting in only superficial rehabilitation, causing permanent changes and damage to the soil and water drainage.

[2] *Barron-Gafford, G. A. et al. (2016). The Photovoltaic Heat Island Effect*

Farmers hosting renewable energy facilities have reported compaction of soil in a 50m wide strip between turbines and drainage changes around easements.

Aerial spraying is the preferred method for field chemical application. The construction of wind farms and transmission lines can obstruct the flight path of crop-dusting aircraft and make the use of this technology unviable or only available at a considerably larger cost due to increased risk factors.

Increasingly modern ag-tech solutions are utilising drones. Overhead powerlines will obstruct the use of these technologies, preventing them from undertaking more efficient and sustainable farming practices and often at a capital loss. Overhead transmission line routes are taking advantage of the cleared land that has been developed for agriculture and is of productive benefit to the state.

2(b)i Biosecurity risks

As a shared responsibility, most Australians understand the obligations around Australian agriculture biosecurity requirements when returning from overseas countries, and the measures applied to mitigate any disease incursions. These measures include returning tourists being required to adhere to biosecurity requirements at airports to eliminate foot and mouth and other diseases.

In the same vein, when individuals and vehicles venture onto a property, those individuals, and equipment can also act as vectors for many endemic and exotic biosecurity threats. Clothing, boots, tyre treads and equipment can become contaminated with disease agents or weed seeds, while many insect pests are known to be found in the undercarriages of vehicles or within containers.

It is expected that biosecurity considerations are upheld, relating to the relevant sites, in the movement of staff and contractors and their equipment. Local government councils' alignment on these types of measures would be helpful in establishing biosecurity requirements relating to, for example, the mandatory decontamination of equipment, washing down vehicles, including the use of dedicated clothing such as overalls and footwear.

2(b)ii Increases in landholder insurance premiums

Many landholders report that they have been unable to access Public Liability cover following renewable energy infrastructure development. An issue causing further alienation is the anxiety amongst landholders and their neighbors regarding the lack of clarity on renewable energy infrastructure's impact on insurance premiums.

We know of cases where farmers have expressed a desire to increase their public liability insurance in the case of an accidental fire on their property. These issues require further examination when currently, there appears to be little explanation or precedents that might clarify what would occur in the case of an accident or fire.

2(b)iii. Tourism impacts and other aesthetic and cultural considerations.

For landholders adjacent to renewable energy infrastructure (particularly wind towers), landscapes are changed, and in some cases degraded. As a result, many have raised concerns regarding decreasing land values.

For those subject to the installation of powerlines on their properties, landholders feel a power imbalance where they have very little power to dictate the route through their farm. Families involved in farming and rural industries over generations, talk about the disturbance to rural landscapes and where they feel inadequate consultation has occurred regarding what the final development might look like. This is particularly the case in REZs where the density of infrastructure is high and increasing.

2(c) Perceived or actual impacts on Indigenous heritage and land rights

The Taskforce is unable to provide commentary, data and/or evidence regarding perceived or actual impacts on Indigenous heritage and land rights. However, it would be expected that engagement with Indigenous communities and traditional owners would occur in a culturally sensitive manner and at an early stage in the project development and planning phase.

As with other communities, building trust between project proponents and Indigenous communities will better support the delivery of positive relationships.

2(d) Community engagement and benefit sharing including financial, local infrastructure, knowledge sharing, and any other types of benefit.

The Energy Charter's #BetterTogether Social Licence Guideline was developed this year following collaboration between a Community Outcomes Group (COG), made up of landholder and community representatives and a group of Transmission Network Service Providers (transmission businesses).

The COG included representation from the Ag Energy Taskforce, Australian Energy Infrastructure Commissioner, Bundaberg Regional Irrigators Group, National Farmers' Federation, National Irrigators' Council, RE-Alliance, Tasmanian Farmers and Graziers Association, Queensland Farmers' Federation and Victorian Farmers Federation. The Energy Charter Industry Collaborators included Energy Charter Full Signatories Transgrid (NSW, ACT) Powerlink Queensland (QLD) and TasNetworks (TAS) + #BetterTogether Collaborators AusNet (VIC) and ElectraNet (SA).

The Better Together Social Licence Guideline is a comprehensive document and evidence-based and was developed as part of the #BetterTogether Landholder + Community Social Licence initiative, focused on social licence within the energy transition.

By validating impacts and identifying opportunities to improve outcomes for agricultural landholders, the Guideline supports transmission businesses to better understand, and act on, the factors that contribute to building trust and maintaining social licence with agricultural landholder and their communities. It is also intended to support agricultural representatives, landholders and host communities to raise and discuss known impacts and work constructively with transmission businesses to achieve shared value outcomes.

The research conducted during the development of the Guideline, showed that most surveyed landholders (67%) felt that the development of community-level benefit sharing agreements was important to local communities living with transmission infrastructure. However, and not unexpectedly, priorities would differ between and across communities.

To maximise shared value, it is essential to engage with affected communities to understand local contexts, priorities and needs and co-develop approaches to community benefit sharing.

Examples of commitments embedded in the Guideline directly address current community anxiety relating to infrastructure development, for example:

- *We will communicate at the start of the project as to why we need your input. This includes in the planning phase of the project and throughout the construction of the project itself.*
- *We will be accessible and inclusive in our engagement with you. This means engaging with you as early as is appropriate to ensure that our discussions with you are meaningful. We will keep you informed at all stages of the process so that you have an opportunity to have your say on key issues.*
- *Our aim is to be open, honest and transparent with you. Ensuring that you know all of the options that are available to you. This means we will tell you what parts of the project are open to negotiation. Equally, if the laws or regulations do not provide flexibility then we will be clear about what is not open for negotiation.*
- *During our engagement with you, we will ask you what is important to you, and we will actively listen to your input and feedback. It is important that we understand your perspectives and the values of your community. This might include understanding information about any seasonable activities. We will also be accountable to you for doing what we say we will do. That means, being responsible for our actions. We will let you know what we have heard from you and provide you with clear feedback on how we have responded and why.*

It is critical that clear accountability and transparency processes are in place to ensure these commitments are met. The Energy Charter Accountability Process provides a unique way for CEOs and their businesses to be transparent and accountable to the commitments that they have made through the Guideline.

Social licence to operate is a concept that reflects community acceptance or approval around the operations of an organisation and its developments. Community acceptance comes from prioritising trust, delivering overall positive impact and is granted and denied by the community in line with their social, political and economic conditions.

Establishing social licence to operate is not simple; it is based on the diverse values, interests and concerns that contribute to community expectations and requires the consideration of relational aspects between the industry and communities, industry affects, community understanding and confidence in a particular project.

Community benefit sharing

Community benefit schemes create an opportunity for building trust and shared value through genuine engagement with the community. RE-Alliance developed the Community Benefits Handbook in 2021 designed to support local community leaders with information and ideas to think about how to leverage the renewables boom into local opportunities that could address local needs and desires. This is currently being updated.

We encourage the Energy Charter to leverage the current research work by RE- Alliance to put co-design national Better Practice Guidelines on Community Benefit Schemes on how to structure, govern and communicate collaboratively with communities. Outcomes would be accountable and transparent through the Energy Charter Accountability Process. We encourage renewable developers to lean into this important work, together with existing Energy Charter Signatories across transmission businesses.
It is important that community benefit schemes target support to those who are most impacted and that they achieve a lasting community good. Impacted landholders (including neighbours) should be actively engaged to identify schemes that will address a need.

Actions and outcomes might be focused on:

- improving energy security / access in the local area;
- supporting ongoing training / employment or provide community housing and /or services to attract workers to farms and rural industries.

Landholder Engagement Training

The Energy Charter is hosting Landholder Engagement Training in Melbourne in October. The purpose of the Landholder Engagement Training is support to Transmission Land Agents – those responsible for working directly with impacted landholders – to do their job well, while keeping themselves and the landholders they're working with physically and emotionally safe.

Over the two-day training course, there will be opportunity to share insights with peers, hear from a range and subject matter experts and landholders with a focus on four key areas:

- Who – Understanding landholders (focus on agricultural operations)
- Why – Building and maintaining social licence
- What – The role of a Land Agent and opportunities for Better Practice
- How – Communication, empathy and psychological safety

The training has been co-developed with participating businesses, with learning outcomes developed by the Australian Energy Infrastructure Commissioner. It builds on the successful training hosted by TasNetworks in June 2023.

Renewable Energy Landholder Toolkit

The Renewable Energy Landholder Toolkit is developed as a partnership between Queensland Farmers' Federation (QFF) and the Queensland Government to assist and inform landholders as they respond and negotiate with energy industry representatives about accessing land and developing renewable energy projects.

The Tooolkit provides general background information and an extensive range of considerations for landholders who may be reviewing commercial agreements to host renewable energy infrastructure on their property as well as for those landholders who are at subsequent stages of development. The Toolkit includes:

- Detailed checklists to use throughout developer negotiation processes.
- Practical guidance for each stage of a renewable energy project
- Insights from legal and financial professionals, government bodies and landholders who have undertaken these processes themselves.
- Information on benefit sharing, community engagement and social license considerations.

It may also be a useful document for neighbours and communities seeking to understand the impacts and opportunities relating to a renewable development being built in their region.
It is anticipated that the Toolkit will support landholders to make more informed decisions when considering hosting renewable infrastructure. As outlined in the Toolkit, it is essential that landholders obtain sound legal and financial advice before entering into any agreement with a renewable proponent.

Other issues for consideration

Complaints processes

Energy and Water Ombudsman schemes are in place across jurisdictions and it is desirable for them to apply to landholder disputes (if not already). It is also appropriate that those schemes be extended to renewable developers and made more accessible for community members with clear information to guide communities regarding how/where to lodge complaints.

We encourage a one-stop shop approach to disputes to ensure that they are dealt with efficiently and effectively, and it is clear in the minds of landholders and community members where they can go for support.

AEMC Draft Rule Change

Draft rules released by the Australian Energy Market Commission (AEMC) relating to community engagement seek to support transmission network service providers' (TNSP) engagement with communities to build and maintain social licence and to develop constructive relationships between TNSPs and local communities with the objective to improve the quality of planning undertaken by TNSPs for transmission projects and to identify any risks to timely delivery.

The Taskforce supports the draft rules which seek to establish consistency and clarity relating to TNSPs' community obligations. These obligations outline requirements for TNSPs to engage with local communities and affected stakeholders, early in the transmission planning process.

We view the development of the draft rules as an acknowledgement of the urgency of the situation on the ground and would like to see them enacted as soon as possible. This is to ensure accountability is front and centre as new transmission projects are developed, to meet social licence expectations.

The Taskforce strongly supports that TNSPs should be required to engage with stakeholders (including local landowners, local councils, local community members and traditional owners) who are reasonably expected to be affected by: the development of the actionable ISP project; future ISP project; or project within a REZ stage; in accordance with the community engagement expectations.

Tasmanian Government Community Engagement processes

The Tasmanian Government announced in December 2022 the North-West region to be the first region to be explored for the development of a Renewable Energy Zone (REZ). The Department of Renewables, Climate and Future Industries is conducting community engagement processes in the region during 2023 alongside a more detailed technical, environmental and economic study to examine potential hosting opportunities.

A series of stakeholder reference groups have been established, including local councils, peak bodies and communities alongside a mapping exercise to enable communities to engage in planning and design phase of the REZ. This is based on the premise that communities hold the relevant knowledge that can be shared through mapping tools and this allows more remove and marginal communities to represent themselves spatially.

Importantly, as part of this process, discussions have also occurred on agricultural land values as well as cultural values and natural values.

We commend this type of detailed mapping approach to securing both relevant information regarding the North-West region's suitability, and importantly, a way of providing a comprehensive process to enable community engagement. These types of mapping tools could be applied in other locations and/or jurisdictions.