
SHIRE OF CHAPMAN VALLEY LOCAL PLANNING POLICY 7.6

1.0 CITATION

This is a Local Planning Policy prepared under Schedule 2 of the *Planning and Development (Local Planning Schemes) Regulations 2015*. This policy may be cited as Local Planning Policy 7.6 – Energy & Resource Industry Community Enhancement Policy.

2.0 INTRODUCTION

The Energy & Resource Industry Community Enhancement Policy promotes benefit sharing strategies associated with the development of State and Regionally significant Energy and Resource industry projects in the Shire of Chapman Valley.

3.0 OBJECTIVES

- To deliver off-site Community Enhancement outcomes so that Energy and Resource industry projects deliver a net community benefit;
- To ensure that the wider community shares in the benefits resulting from Energy and Resource Industry development in (and/or impacting) the Shire of Chapman Valley; and
- To ensure that the costs and benefits of Energy and Resource Industry development will be equitably distributed within the community and inter-generationally.

The Energy and Resource Industry Community Enhancement Policy will be updated as required so that it is suitable to deliver on the Shire of Chapman Valley's Strategic Community Plan and strategic planning goals and provides clear expectations to Energy and Resource industry project proponents.

4.0 POLICY STATEMENT

The Shire of Chapman Valley supports the development of Energy and Resource Industry projects within our Shire and across our region, which will attract significant investment and opportunities for the local community. The Shire of Chapman Valley's focus is ensuring developments, and their related activities result in positive socio-economic impacts for the people of Chapman Valley and contribute to local population growth, employment and training opportunities, promote local business procurement and improve the standard of living (including servicing).

The Shire of Chapman Valley will continue to engage with project proponents, community, businesses, farmers, experts, State and Federal Government entities and other local governments, to understand the process, challenges and opportunities of Energy and Resource Industry projects.

Through this ongoing work, the Shire of Chapman Valley will help to lead and support the development of Energy and Resource Industries in a way that minimises negative impacts and delivers prosperity for our community.

Key to success is a coordinated and strategic approach whereby all members of the Chapman Valley community and all project proponents that are active in the region are aware of the Shire's vision for the future and how it can be supported by the economic benefits associated with Energy and Resource Industry projects and its flow-on effects.

Council considers this coordinated and strategic approach to be essential to capitalise on the opportunity that the clean energy transition and associated resources sector growth presents.

Policy Principles:

The Fundamental Principles for successful Energy and Resource Industry development in Chapman Valley are ensuring real and purposeful community acceptance and support. This Policy is the first step in an ongoing partnership between Energy and Resource industry developers and our community to minimise the impacts and maximise the opportunities for Chapman Valley.

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The Principles identifies key community projects and programs that will deliver tangible community legacy and enhancement through the strategic use of Community Enhancement Funding. These Principles deliver the following message from the Chapman Valley community to the WA Government, project proponents, investors, utilities, service providers and other stakeholders:

- We are supportive of the Energy and Resource Industry transition.
- We want to keep the overall experience for our community positive.
- We will work to ensure the Energy and Resource Industry transition happens with us, not to us.
- Assist us to deliver a coordinated and consultative approach to our community.
- We want to ensure that Energy and Resource Industry developments enhance our existing economy and community.
- We want to ensure changes in population and land use result in long-term social enhancement and empower our community.
- We have a long-term plan for our economic transition, which includes the Energy and Resource Industry transition, and we invite you to support it.

Social Impact Assessment:

The Shire of Chapman Valley encourages proponents to undertake social impact assessment work early so that it can inform the project and help mitigate negative social impacts on local communities.

A Social Impact Assessment includes the processes of analysing, monitoring and managing the intended and unintended social consequences including impact on community wellbeing, both positive and negative, arising from a project proceeding.

Developer Agreements:

The Shire of Chapman Valley will use a voluntary Developer Agreement to enable Community Enhancement as at the time of implementing this policy the State of Western Australia has no legislative mechanism to enshrine a Developer Agreement into the planning framework other than that of being via the use of discretion.

A Developer Agreement is defined as an agreement between Council and a developer/project proponent, who has made, or proposes to make, a development application, under which the developer is required to pay a monetary contribution; or provide any other material public benefit to be used for or applied towards a public purpose.

Developer Agreements may be formulated with direct reference to, or in consideration of, this Policy. However, this Policy does not bind Council or otherwise prevent Council from entering into Developer Agreements that do not strictly adhere to the Policy, should the Developer Agreement otherwise provide alternative and equivalent Community Enhancement outcomes, and are supported by the community.

Where there is a disparity between the conditions of a Developer Agreement and the requirements of this Policy (which may change over time) the Developer Agreement will be adhered to.

Community Enhancement:

Community Enhancement excludes that which is required to achieve land access or mitigate adverse impacts of development including, but not limited to, host and adjoining landowner payments required to obtain consent or prescribed by legislation, or acute impacts to Council assets e.g. damage to local road infrastructure.

The public purpose that funds will be applied to can include works to improve public spaces, the provision of spaces for public recreation and community facilities, initiatives to support affordable housing and/or development activity, works to rehabilitate or conserve biodiversity values, new or upgraded community infrastructure, provide or upgrade utility/service infrastructure that enhances the community, provision of new or improved services for community (particularly those that target vulnerable groups, children and young people), support of local volunteer or community group activities

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or some other public purpose if the Council reasonably considers that the public interest would be better served by applying the funds towards that purpose.

Community Enhancement does not include using funds as a financial off-set or subsidy to Council operational activities whereby a direct link from the funds to the prescribed community benefit cannot be defined. For example, the funds could be used to implement new and or improved infrastructure at a community/recreation facility but could not be used to off-set operational costs of the facility.

Governance And Inter-Generational Equity:

Council will ensure a governance structure that, as far as possible, reflects the needs and concerns of the immediate communities of impact and the broader Local Government Area to assist with determining the public purpose for funds.

A Future Industries & Renewable Energy Advisory Group will be established and provide advice and recommendation to Council on the projects to which Community Enhancement funds may be allocated. The Advisory Group will be governed by a Terms of Reference and its members will be selected via an Expression of Interest process and with view to ensuring a diversity of representation.

While project proposals and community initiatives may come from any source, the Advisory Group will have the opportunity to provide feedback and/or endorsement for any and all uses of the Community Enhancement Fund.

Developer representatives from where the Community Enhancement funds are derived will not form part of the Advisory Group but will have the ongoing opportunity to present to the Advisory Group in regard to specific projects or initiatives and have access to recommendations and minutes which will also be made public.

Council has the final say in regard to the use of the funds. The Advisory Group has no delegated authority to spend monies from the Community Enhancement and can only advise on its use to Council.

Community Enhancement Fund:

The financial value of community enhancement will vary from project to project and over time, however, the minimum community threshold for the Shire of Chapman Valley will be based on the industry standard Benefit Sharing Guidelines and benchmarks produced by many State Governments across Australia and other countries.

Globally there is a move to establish benchmark rates for community benefits sharing through Government Policy. By way of example some European countries have established rates of between \$2,000-\$8,000/megawatt/annum for the life of the project generally 25 years which is significantly higher than the current Australian benchmarks.

The states of New South Wales, Victoria, Queensland and Tasmania have established or are in the process of establishing legislation which will facilitate Community Enhancement resulting from Energy Transition projects. The policy presented intends to use the same methodology across all Energy and Resource Industry partners.

Some examples of the proposed benefit sharing benchmarks are:

- Narrogin WA - 1.5% of CIV (Capital investment Value) annualised over the life of the project – LPP WindFarm/Turbines;
- Warrumbungle, Dubbo & NSW Mid-Western Councils LPP - 1.5% of CIV;
- NSW Government - \$850/MW/annum Solar & \$1,050/MW/annum Wind;
- Tasmanian Government - \$1,800/MW of installed capacity per year for Tasmania North-West Renewable Energy Zone.

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These benchmarks generally are derived from the long term 1.5% of CIV which is considered equitable. This figure however, would need to be descaled for projects of significant CIV for example projects valued over \$5B. The development of a social impact assessment would then be used to determine what Community Enhancement arrangement would be required.

The unit of benefit may be by product or output for example tonne of product transported, energy generating capacity, % of CIV or even set \$ amounts for specific projects or programs all of which would be identified in a Development Agreement or common law agreement.

Funds will be held by the Shire of Chapman Valley as externally restricted funds. The use of funds from developer contributions, or other sources, will be monitored and form part of the annual reporting process, such that the specific funding breakdown for each community project or initiative is clear.

Council will manage funds to ensure that they benefit future generations as well as the present generation, and that ongoing depreciation and maintenance costs (whole of life costs), or any other unforeseen impacts, are taken into account for project proposals. Council will not apply a management fee for the administration and management of these funds.

Legislative Context:

State Planning Policy 3.6 Infrastructure Contributions - April 2021

SPP3.6 provides a system for local governments to plan and charge for community infrastructure items that are not included in the standard provisions through Development Contribution Plans and introduces a framework for the requesting of contributions for community infrastructure through voluntary Developer Agreements.

5.0 DEFINITION

Energy and Resource industry – Projects/Proponents identified to form part of the Energy and Resource industry may include but are not limited to:

- Critical Minerals;
- Mineral Sands;
- Gas Projects;
- Wind Projects;
- Solar Projects;
- Tidal Projects;
- Geo-thermal Projects;
- Carbon Offsetting and Sequestration Projects;
- Battery Energy Storage System Projects;
- Any other emerging technologies relating to the Energy and Resource Industry sector.

Projects - may include activities including but not limited to exploration, extraction, generation, processing, transport/transit and or related infrastructure associated with any of these activities that have transit impact or are located within the Shire of Chapman Valley.

Responsible Business Unit	Planning
LPP Category	7 - Miscellaneous
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