



11 October 2023

Australian Energy Infrastructure Commissioner
PO Box 24434
Melbourne VIC 3001

By e-mail: cereview@dcceew.gov.au

**RE: NFF submission to Australian Energy Infrastructure Commissioner's
Community Engagement Review**

The National Farmers' Federation (NFF) welcomes the opportunity to provide a submission to the Australian Energy Infrastructure Commissioner's (the Commissioner's) Community Engagement Review.

The NFF is the national peak body representing Australian farmers and agriculture. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and length of the sector.

As noted by the Australian Energy Market Operator's (AEMO's) 2022 Integrated System Plan (ISP), achieving the Australian Government's emission reduction ambitions will involve the construction and deployment of approximately nine times the current large-scale renewable energy generation production capacity (principally solar and wind farms), nearly five times smaller scale solar PV capacity (e.g. roof-top solar), and three times the firming capacity from sources including batteries and hydro generation. AEMO has also mapped 10,000km of new transmission infrastructure to integrate the capacity of renewables required for Australia's clean energy transition.

With many renewable energy zones already declared in regional and rural communities, renewable energy generation and transmission infrastructure is set to significantly traverse communities and prime agricultural land across the country. This raises serious and immediate concerns regarding social licence and how Australia can ensure a just and fair transition process.

The management of Australia's transition to renewable energy has significant implications for Australian agriculture. The NFF seeks to ensure that energy transmission projects are placed in the landscape with proper, timely consultation, appropriate compensation and commercial consent, and do not adversely impact existing land use.

The agricultural sector will be a significant contributor to Australia's net zero ambitions. The NFF supports Australia's efforts to address climate change including through transitioning to renewable energy. Renewable energy projects can provide excellent opportunities for farmers to contribute to these important objectives and receive valuable, reliable supplementary off-farm income. Many farmers across the country already host energy generation or transmission infrastructure and have forged a sensible pathway to realise benefits for both sectors simultaneously.

Farmers, particularly intensive production systems, are also significant consumers of energy and are similarly feeling the pressure of record high prices. The ag sector will equally benefit from energy policies which deliver affordable, reliable, secure and increasingly lower emission energy to households, businesses and industries.

However, the surge of renewable infrastructure must be appropriately balanced with Australia's sustainable supply of food and fibre. To maintain Australia's domestic food security and important contribution to global food security, we must avoid adverse impacts on the long-term operation of prosperous farm businesses.

The NFF continues to hear serious and significantly concerning reports that decisions by energy proponents, particularly in Victoria, New South Wales and Tasmania, are unduly alienating agricultural landowners due to inadequate, late and inappropriate engagement efforts.

Ignoring adverse impacts to Australia's food and fibre industry will have serious consequences for the sustainability of Australia's production capacity. Yet, energy infrastructure planning processes continue to ignore the illogical nature of forcing infrastructure through the middle of an irrigated horticultural field or intensive husbandry operation. This is despite the serious and fundamental impacts on farmers' ability to operate day-to-day and long-term profitability, which could sensibly be avoided.

Simultaneously, states' legislated compensation regimes historically and presently fail to consider the full breadth of impacts associated with forcibly hosting long-term energy infrastructure on agricultural land.

There is also a significant lack of robust exploration of tax impacts, especially where land tenure might vary and commence capital gains tax liability or where the provision of compensation might not be appropriately able to be treated or accounted for.

The importance of Australia's prompt transition to renewable energy cannot outweigh Australia's ability or capacity to produce food and fibre. The NFF refers the Commissioner to consider the below issues and recommendations.

Engagement

Late and poor-quality engagement by energy proponents is causing significant distress and anxiety in affected communities. Poor practice continues to attract national attention and has, understandably, prompted apprehension from agricultural landholders and their communities across the country. This negative perception will add a layer of difficulty for future project proponents to establish meaningful social licence within communities.

As an example of inadequate and late engagement efforts, earlier this year AEMO Victoria Planning and TransGrid changed the preferred route in the VNI West project, which resulted in new landholders being affected after the route selection consultation window had closed. This signalled to local landholders and communities that consultation efforts to date had been misleading if not entirely redundant. Additionally, the planned route will still traverse intensive production systems, including irrigated areas and intensive piggeries. This type of behaviour from major project proponents supports the urgent need for mandatory, enforceable best practice standards, as the sector now expects that fair and

reasonable process will be dismissed when convenient to meet expedited project timelines. We continue to watch proponents run for regulatory cover at the expense of genuine, early, effective and consumable consultation.

Industry's concerns will not be addressed by merely ensuring or increasing engagement. We need engagement to be sufficiently early in the planning process, ideally prior to proposed routes or project zones being established, and based upon on quality, clear, accessible information which addresses the specific concerns of affected stakeholders.

Increased, robust, early engagement will benefit landholders, communities and transmission projects alike. There is ample opportunity to balance costs for energy proponents, the preservation of Australia's food and fibre production and prioritise benefit sharing. However, this cannot and will not happen if social licence is an afterthought, box ticking exercise, or put in the too hard basket all together.

Compensation

Compensation arrangements in Australia fall significantly short in addressing the legitimate compensable damage to agricultural landowners who are compelled to host energy infrastructure on their properties. There is an urgent and compelling need to reassess and increase compensation to these landowners. Fair and just compensation is not just a matter of financial equity; it is a fundamental step towards safeguarding the future of our industry while promoting coexistence between energy development and agricultural productivity.

Research conducted through the Energy Charter's Better Practice Social Licence Guideline (2023) highlighted that 58% of landholders said that transmission infrastructure will result in a direct loss of farmable land or disruption to their land productivity. Further, 60% of landholders believe transmission infrastructure will impact their use of machinery or equipment. Other landholders noted biodiversity impacts, which may diminish the natural features valued by the local community and aesthetics of the area.

In an ideal world, the best way to push forward with transmission and renewable energy projects is to mandate that projects require commercial consent, and that the regulatory framework requires proponents to provide all information required for landholders and their neighbours to choose to benefit from the development.

However, as equal consumers of energy, our sector acknowledges the need to ensure cost-efficiency where appropriate. Unfortunately, current energy proponents rely too heavily on their legislated prerogative in favour of the lowest cost and the result continues to compromise the sustainability and prosperity the ag sector. This is worsened by the sadly common and ironic scenario where farmers are forced to host imposing infrastructure yet continue to deal with unreliable, inconsistent energy supply and record high prices.

While there is no simple solution, the existing discrepancy between state-based compensation regimes and the actual suffering of farm business productivity provides compelling evidence of the need to review existing state-based compensation regimes and implement improvements as a matter of urgency. Compensation arrangements must accurately reflect the extent, breadth, and longevity of impacts of energy infrastructure on prime agricultural land and farm businesses.

Recommendations

Enforceable obligations on energy proponents which govern engagement, compensation, land access arrangements and minimise impact on land use

The NFF Energy Policy (November 2022) asks the Australian Government to facilitate an enforceable code to ensure future transmission lines, and renewable energy infrastructure, are placed in the landscape with proper consultation, appropriate compensation and do not adversely impact existing land use. The NFF has called for delivery of the government's commitment to comprehensive early consultation through delivery of *Rewiring the Nation* including a focus on local communities with respect to new electricity infrastructure.

The NFF supports the proposition that this may be achieved through an accreditation scheme combined with a licence to prospect. We emphasise the need for any accreditation to sufficiently address all aspects of the energy infrastructure planning, development and maintenance processes, as landholders' issues don't start and stop with whether or not they host the infrastructure.

Any accreditation should ensure that proponents understand and comply with landholders' needs in respect of engagement, communication, information, complaint processes, compensation entitlements, and ongoing land access arrangements at a minimum. This scheme should ensure proponents prioritise collaboration with landholders to ensure shared benefits can be realised where possible, and that landholders have increased control over land access arrangements to mitigate impacts on daily business operations, biosecurity, emergency management and profitability losses in the long-term.

Finally, any enforceability mechanism or onus on energy proponents must be integrated as a mandatory condition to access existing finance and policy incentives, such as through the Clean Energy Finance Corporation and its *Rewiring the Nation* mandates. The energy sector's ongoing failure to comply with voluntary social licence guidelines provides strong evidence of the need to mandate minimum requirements to ensure a fair and just process for landholders.

Please also find attached the NFF's submission in support of the Australian Energy Market Commission on their proposed draft rule change which seeks to increase consistency and clarity over transmission network service providers' (TNSPs') community engagement obligations. The NFF urges the draft rule to be enacted as soon as possible, to ensure the overwhelming quantity of new transmission projects are held accountable to this bare minimum social licence expectation. While a welcome change, we importantly note the introduction for the proposed rule does not negate the need for stronger, enforceable mechanisms which apply to energy proponents alike, to ensure renewable energy planning, development and maintenance processes are appropriate, fair, thorough, and transparent.

Planning policy improvements

The NFF supports the consideration of planning policy levers, including national harmonisation, to prioritise regulatory certainty for landholders, particularly those who own or manage prime agricultural land, in the face of land use conflicts. A well-balanced and sustainable approach to land use planning is essential to safeguard our food production capabilities and the livelihoods Australian farmers.

The NFF would be supportive of exploring protected agricultural zoning in order to provide that certainty and support long-term investment in the sector.

The NFF notes relevant recommendations by the VFF, and urges the Commissioner to consider national planning policy reforms in the context of renewable energy including:

- Undertaking / updating agricultural land mapping to identify key commodity types / production systems, areas of strategic importance, areas with climate resilience and areas with significant supply chain or manufacturing links.
- Developing information sheets, decision guidelines and multi criteria assessment tools that guide energy industry understanding on potential impacts on agriculture and how these can be avoided or what the quantum of commercial consent (reflection of value of production) will be to allow proper consideration from route selection through to project design, approval, and rehabilitation.
- Identifying areas where generation that reduces agricultural output and discouraging development.
- Identifying areas where overhead transmission would not be compatible with agricultural production.
- Identifying areas where the distribution network requires investment to allow all Australians to transition to reliable and affordable renewable energy.

Training and education for energy sector

The NFF supports the Commissioner's current efforts to foster energy proponents' capability for effective and successful engagement with landholders, community members and neighbours, local government councils, First Nations communities and environment groups.

Like many of the aforementioned stakeholder groups, agricultural landowners will have their own set of unique issues which need to be addressed early and appropriately through engagement processes. Energy proponents must understand the nuance and unique issues that may arise in different agricultural production systems in order to ensure they can engage in a sensible and effective way with landholders.

We continue to hear disappointing reports of energy proponents arriving at farming properties unannounced, failing to comply with biosecurity protocols (which may be as simple as clean vehicles, clean shoes), and exposing the farmer to range of avoidable risks, including animal welfare concerns and occupational health and safety implications.

The NFF recommends that training for the energy sector is mandated, and such training ensures a specific focus on addressing the specific and unique engagement needs of agricultural landholders and farm businesses.

Agreement templates

Template agreements are one means through which the Commissioner may consider streamlining aspects of energy proponent interactions with agricultural landholders. Agreement templates may be useful to enforce a minimum standard of behaviour and address key agriculture specific concerns e.g. energy proponents

must avoid entering properties without prior notice, during peak season conditions (driving through the middle of a crop) or compensate the farmer for productivity loss if unavoidable.

Agreement templates would also assist farmers who are being presented with several different proposals for projects, all of which may contain different terms and conditions, different layouts or formats, ultimately increasing the administration burden on farm businesses and time spent away from their core business.

Authorised and central information for affected stakeholders

A lack of clear, trusted, accessible and appropriate information is a huge issue for affected stakeholders. A simple way to address this is through developing a series of independent resources for specific stakeholder groups, which provides information on the rights of the various parties involved, compensation regimes and relevant compensable factors, complaint and dispute mechanisms, and so on.

Ag Energy Taskforce Recommendations

The NFF notes our general support for the recommendations of the Ag Energy Taskforce, as valuable options for the Commissioner to consider. However, we reiterate our strong concerns about the value of voluntary guidelines to landholders, given contrary practices which continue to prevail despite their existence. By way of summary, the Ag Energy Taskforce's recommendations include to:

- 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 holders 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.

Please also find the NFF's Energy Policy (November 2022) *attached* for further information on the NFF's priorities regarding Australia's renewable energy transition.

The NFF thanks the Commissioner for the opportunity to provide a submission to the Community Engagement Review. The policy contacts for this matter are Warwick Ragg, General Manager of Natural Resource Management, via e-mail: wragg@nff.org.au and Charlotte Wundersitz, Senior Policy Officer (Trade & Economics) via e-mail: cwundersitz@nff.org.au or phone (02) 6269 5666.

Regards,

TONY MAHAR

Chief Executive Officer