

27 June 2025

Portfolio Committee No. 4 – Regional NSW
The Legislative Council
Parliament of New South Wales

RE: Inquiry into impact of Renewable Energy Zones (REZ) on rural and regional communities and industries in New South Wales – Supplementary questions

As NSW's peak business organisation, Business NSW has almost 50,000 member businesses across NSW. We work with businesses spanning all industry sectors including small, medium, and large enterprises. Operating throughout a network in metropolitan and regional NSW, Business NSW represents the needs of business at a local, state, and federal level.

We welcome the opportunity to provide responses to supplementary questions for the NSW government's inquiry into the impact of Renewable Energy Zones (REZ) on rural and regional communities and industries in New South Wales.

Local Manufacturing and Supply Chains

1. ***You highlight major supply chain constraints and call for more local manufacturing. What specific renewable components should NSW focus on producing locally to create the most strategic value?***

NSW should take a strategic and capability-informed approach in determining which renewable energy components to prioritise for local production. It is important to identify components where NSW has a comparative advantage in capability, capacity and potential for collaborative production. An example from the COVID-19 pandemic was Ampcontrol demonstrating agility by pivoting to producing vital equipment such as respirators. A similar model could be applied to renewables. We recommend government map existing industrial strengths, identify gaps, and co-develop a scalable roadmap with industry to address supply chain constraints and long-term strategic value.

2. ***You recommend using REZ access fees to fund local manufacturing initiatives, how would you ensure those funds benefit SMEs rather than large incumbents or multinationals?***

It is important to reaffirm that REZ access fees should be strategically directed toward supporting local manufacturing initiatives where possible. Central to this is the role of procurement. It is often that incumbents or multinationals subcontract work to small and medium sized enterprises (SMEs) to fulfil these initiatives.

3. ***What reforms are needed in NSW's procurement framework to ensure local manufacturers aren't shut out of REZ project contracts by overseas***

suppliers with cheaper bids?

To answer this question would require consultation on the procurement framework separately and we commend the good work the government has done on NSW's procurement processes recently. Procurement simply requires using local where possible or ensuring overseas suppliers are incentivised to use local businesses and trades.

4. *Do you believe current REZ developers are doing enough to support local content? Should minimum local content thresholds be mandated?*

While there is broad support for increasing local content in REZ developments, imposing mandatory thresholds would carry risks, particularly where local capability and capacity may not yet be sufficient to meet demand. Rather than mandating minimum local content thresholds, it would be worthwhile to encourage local procurement wherever feasible, which can be achieved through clearer guidance, transparent reporting requirements, and structured engagement between developers and local industry. Supporting capability-building across the supply chain will help ensure that local businesses are positioned to participate meaningfully and competitively in REZ projects, without creating unintended barriers or project delays.

Regional Business Involvement & Employment**5. *You've acknowledged that while host regions bear the greatest disruption, they don't always see the greatest benefit. Should developers be legally required to contract with local businesses for a percentage of supply and service needs?***

It is not recommended to legally require developers to contract locally, but instead, they should simply be encouraged.

Workforce and Green Skills Development**6. *You mention a five-fold increase in the energy workforce is required. Given existing skills shortages, should the NSW Government mandate that developers invest directly in regional training programs?***

The challenge lies less in training capacity and more in workforce availability, therefore mandating direct investment training may not address the issue. Investment needs to focus on workforce attraction strategies to the sector alongside encouraging uptake of existing training resources like TAFE.

7. *What incentives (or penalties) do you believe are necessary to ensure REZ proponents actively contribute to local workforce development, rather than importing labour?*

Incentives should focus on broader workforce attraction, and not just training. The focus should be on regional participation rather than imposing penalties. Attraction and retention are key.

Cumulative Impacts and Planning Coordination

8. ***Who do you believe should be responsible for tracking and managing cumulative impacts, EnergyCo, the Department of Planning, or a new independent authority?***

While EnergyCo can play a role in tracking and managing cumulative impacts, there should be oversight by an independent authority or the Department of Planning. Independent oversight should ensure accountability and accuracy in the process. A similar process was done for the Cumberland Plain Conservation Plan in Western Sydney where the NSW Department of Planning tracked cumulative impacts, reported to the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) and was also independently assessed.

Tourism and Amenity

9. ***You suggest REZs could support energy-themed tourism. What evidence do you have that visitors are receptive to these experiences in rural Australia? And can you provide this to the committee?***

Evidence for energy-themed tourism has been primarily drawn from international examples, and despite there being early interest and a suggestion for potential, it remains unproven in the Australian context. There are a few examples in Australia such as at the Gullen Range Wind and Solar Farm, North West of Goulburn NSW. The Gullen Range offer educational tours of wind and solar projects to the public, and particularly encourages children to visit. We recommend a proactive but measured approach to realising opportunities in energy-themed tourism.

10. ***In areas heavily dependent on scenic or eco-tourism, should REZ infrastructure be limited or subject to stricter visual impact thresholds?***

Strategic management within selected REZs, supported by existing environmental assessments should be adequate in addressing visual impacts.

Infrastructure, Housing and Service Pressures

11. ***You note that the CWO REZ could increase population by 40% in three years. Should developers be required to contribute to housing, schools, and healthcare funding in line with that growth?***

Developers should contribute through existing developer contribution frameworks, but not be required to fund additional social infrastructure. Housing investment should be encouraged, however barriers such as the Fringe Benefits Tax remain a disincentive. The NSW benefit sharing framework should ensure developers are contributing to local infrastructure.

12. ***You recommend modular housing as a solution to REZ pressures. Who should fund and maintain this housing once construction is complete, developers, councils, or the State?***

Responsibility for maintaining modular housing should ultimately lie with the asset owner once construction is complete. In practice, this may vary depending on the location, intended use, development model, etc. Ideally, housing build should be sustainable and suitable for long-term ownership or sale.

13. ***Do you support a formal “legacy infrastructure plan” being required for each REZ, to ensure the benefits don’t vanish after the build phase ends?***

A formal legacy infrastructure plan for each REZ is supported to ensure there are post-project benefits and efficient use of infrastructure.

Land Use Conflict and Co-Existence

14. ***You promote agrivoltaics and conservoltaics as solutions to land-use conflict. Should co-location of agriculture and renewables be mandatory unless proven unfeasible?***

Agrivoltaics and conservoltaics should not be mandatory but considered when proven effective. Implementation ought to reflect successful examples rather than mandatory blanket policies.

15. ***In your view, has the NSW Government adequately tested these models at scale, or are they still largely theoretical?***

Agrivoltaics and conservoltaics models require further practical testing and evaluation. Current evidence suggests mixed outcomes.

Decommissioning Bonds and Long-Term Liability

16. ***You support legislated decommissioning bonds. What level of financial security should be mandated? For example, per MW or per hectare?***

We broadly support the use of legislated decommissioning bonds but do not propose a specific level financial security at this stage. Further detailed analysis of the financial adequacy model will be necessary before determining specific levels of financial security. Looking at the mining industry and Offshore Electricity Infrastructure framework as examples.

17. ***If the State refuses to mandate decommissioning bonds, do you support the creation of a pooled government-administered fund to manage future liabilities?***

We support a government-administered pooled fund to manage future liabilities, if bonds are not mandated.

18. ***You recommend reinvesting REZ access fees into local infrastructure and manufacturing— what governance or accountability mechanisms would ensure this funding delivers long- term regional benefits? (Taken on Notice***

but included to provide context for next question)

Accountability mechanisms are essential to ensure REZ access fees deliver long-term regional benefits. This responsibility should lie with government through careful administration of fees and align with broader REZ planning.

19. ***How should regional businesses and Business NSW be involved in decisions about how these fees are spent?***

A tripartite advisory board approach comprising Business NSW, local businesses, and government to ensure diverse stakeholder input and transparency in decisions is recommended. This collaborative approach will promote accountability and allow for informed and balanced decision-making.

20. ***What specific skills gaps have emerged in REZ regions, and how can government and industry better align training pathways with project demand?***

The skills gaps vary between the regions, and a response to this issue should be informed via existing detailed analyses such as educational bodies or private entity studies.

21. ***Should REZ proponents be required to include workforce development plans as part of project approvals?***

Workforce planning should be coordinated at the regional level rather than by individual REZ proponents. Government-led regional workforce plans would be essential to effectively address broader workforce challenges.

22. ***What measures would best address the temporary housing needs of REZ workers without displacing local residents or creating rental pressure?***

Modular housing can help address temporary housing needs if regulatory hurdles, such as FBT, were managed effectively. Rather than mandating a single solution, a variety of solutions could be encouraged, including targeted incentives within REZs. Coordinated efforts to support diverse housing options will better balance workforce needs without increasing pressure on local rental and housing markets.

23. ***Have modular or worker housing schemes been piloted successfully in any NSW regions?***

There have been small-scale pilot projects using modular housing in sectors like health and education to support regional workforce needs, however, these pilots are limited in scale and have not yet demonstrated cost effectiveness. Scaling modular housing in NSW's energy sector will require targeted investment, market growth and commitment to overcome this type of challenge.

24. ***You have recommended stronger governance of benefit-sharing—should***

there be a standardised, statewide model, or should it be tailored by region?

Frameworks should be tailored regionally to reflect the unique strengths of local businesses and landowners.

25. *What role should local businesses and chambers of commerce play in designing or delivering community benefit schemes?*

It should be a consultative approach. It is important to have a diversity of views and the previously mentioned tripartite approach encompassing local chambers of commerce, government, and local businesses would be effective in delivering such schemes.

26. *What specific elements should a NSW circular economy framework include to ensure enforceable and cost-effective recycling, reuse, and repurposing practices in REZ infrastructure?*

The NSW circular economy framework should be flexible and adaptive, allowing market developments in recycling and reuse and repurposing evolving over time. It should include supportive policies and deregulation that reduce barriers and encourage growth in sustainable practices within REZ infrastructure and ensuring cost-effectiveness without stalling market development.

27. *It was mentioned that Business NSW supports looking at modular housing as a solution to REZ-related rental stress. Is it feasible to require REZ project candidates be required to provide or contribute to modular housing for their workforce?*

As previously mentioned, it should be to ensure that there is a good framework in place to do it and let market conditions dictate how the environment can be created and be cost effective.

Again, Business NSW appreciates the opportunity to provide feedback to this inquiry and would welcome the opportunity to discuss any of these findings in more detail when appropriate.

Yours Sincerely,

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