

19 August 2025

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The Chair,

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

Hearing: 17 July 2025

SUPPLEMENTARY QUESTIONS

Questions for Armidale Regional Council (Submission 62)

(1) Page 4 of your submission you state “FIFO/DIDO workforces are... hugely disruptive for host communities along multiple socio-economic lines.” What have you seen already with regards to FIFO/DIDO workforce, and what’s your biggest concern as projects ramp up?

Current NSW Government planning for the impacts of FIFO/DIDO workforces might be characterised as ad hoc, if not non-existent. Social Impact Assessments (SIAs) prepared as part of Environmental Impact Statements (EIS) are typically of poor quality, often resembling desktop studies. Armidale Regional Council (ARC) staff attended one SIA workshop where, to their surprise, it was claimed that Armidale has more than an adequate supply of doctors, despite the reality that many local surgeries have closed their books to new patients. The appraisal of cumulative socio-economic impacts in these assessments is generally superficial, with mitigation strategies that are vague, tokenistic, or deferred to future documents (such as Workforce Accommodation and Employment Strategies), which have often not yet been prepared. These strategies might best be described as ‘plans to prepare a plan’: they inevitably acknowledge significant risks, particularly when cumulative impacts are considered, but fail to offer serious or concrete mitigation measures. Responsibility for addressing these issues is routinely deferred to future engineering, procurement, and construction (EPC) contractors, effectively postponing meaningful action until the point of construction.

Going forward, Council’s biggest concerns are as follows:

- **Cumulative impacts from overlapping renewable energy developments in the Armidale region present a significant and underappreciated risk.** While individual projects may appear manageable in isolation, their combined effects on housing availability, health services, workforce supply, road networks, landfill, water and waste services, and the environment can be substantial and compounding. To date, Council has not viewed

any Environmental Impact Statements that have comprehensively assessed these region-wide pressures and proposed meaningful mitigation strategies. Regional infrastructure and community wellbeing will be under unsustainable strain without a coordinated and transparent cumulative impact assessment process.

- **The State Government has created a framework where no one is steering the ship.** Region-wide challenges such as road degradation, workforce shortages, housing displacement, and community fatigue are structural and interconnected, and cannot be resolved by individual councils or proponents alone. These cumulative impacts fall outside the remit of any single project and cannot be effectively addressed through bilateral agreements. A coordinated regional impact framework, led by EnergyCo or similar, is urgently needed to manage these pressures across the New England REZ (NEREZ). Without it, regional communities will continue to bear disproportionate burdens in the pursuit of state-wide energy transition goals. The scale and pace of development in the NEREZ demands more than the fragmented, project-by-project assessment Council has witnessed to date. To avoid the clear planning failures seen in other REZs, ARC calls on the State Government to take a leadership role in coordinating renewable energy rollout, ensuring alignment between agencies, proponents, and councils through regional planning mechanisms, shared data platforms, and clear governance structures.
- **EnergyCo appears unwilling to meet its statutory obligations under the *Electricity Infrastructure Investment Act 2020*.** Section 63(4) of this Act specifies EnergyCo's functions as follows:

63 Infrastructure Planner

(4) Subject to limitations in the instrument of appointment, an infrastructure planner has the following functions—

- (a) to make and enter into contracts or other agreements in connection with the exercise of its functions under this Act,
- (b) to investigate, plan, co-ordinate and carry out planning and design of generation infrastructure,
- (c) to investigate, plan, co-ordinate and carry out planning, design, construction and operation of storage and network infrastructure,
- (d) other functions prescribed by the regulations,
- (e) other functions conferred or imposed on the infrastructure planner by or under this or another Act or law.

The *Regulations* reinforce the functions highlighted above:

42D Functions of infrastructure planner—particular renewable energy zones—the Act, s 63(4)(d)

(1) This clause applies if—

- (a) the Energy Corporation is appointed as the infrastructure planner for a renewable energy zone, and
- (b) the Minister has declared, in accordance with the Act, section 24(1), the access scheme that applies in the renewable energy zone or part of the renewable energy zone.

(2) The infrastructure planner for a renewable energy zone to which an access scheme applies has the following functions—

- (a) to coordinate the construction of generation, storage and network infrastructure in the renewable energy zone,

- (b) if the declaration specifies that the scheme financial vehicle is, in relation to the access scheme, liable to pay the infrastructure planner the component of fees payable under the Act, section 26 to be held for use for a community purpose or an employment purpose—
- (i) to administer, manage and make payments of money held for use for a community purpose or employment purpose, and
 - (ii) to make guidelines about the administration, management and payment of money under this clause.

Despite the Act's clear provisions, EnergyCo representatives deny that the organisation holds coordination responsibilities. As is illustrated in the following exchange, their descriptions of EnergyCo's role significantly circumscribe the functions set out in the legislation, implying that its responsibilities extend little beyond delivering transmission infrastructure:

- Question from CRG member about EnergyCo's responsibility for staging construction of generators to avoid influx of workers and social impact on small communities.

Response: EnergyCo is the infrastructure planner and has a focus on delivery of transmission. Regarding stages of individual project generator rollout, EnergyCo does not control this. Generators have their own projects and timelines. EnergyCo will discuss proposed timing, size and workforce with generators to forecast impact on roads and infrastructure and take a whole of government approach to responding. Measure baseline use, predict impact, forecast peak, and work with relevant agencies to resolve these challenges ([NEREZ Community Reference Group North – Meeting 2 Notes](#), p. 7).

- **Early signs of FIFO/DIDO workforce impacts are already generating concern across the Armidale business community.** The scale and pace of REZ investment, without adequate State-led planning, is undermining private sector efforts to attract and retain staff, a problem made worse by housing shortages. This combination is limiting business confidence and constraining new investment, leaving Council to manage growing market failure in both industry and housing sectors. Importantly, the FIFO model is incompatible with Armidale's local economic structure and social identity. Many residents return to the region later in life to raise families or contribute to the community, a cycle that FIFO disrupts by disconnecting work from place and weakening long-term ties.

(2) What strategies/policy changes would you like to see from the NSW to make sure Armidale locals actually get jobs from these projects – not just outsiders flown in?

In relation to this issue, Council is currently issuing the following advice at the SEARs stage of projects:

Council requests that a comprehensive Workforce Accommodation and Employment Strategy be included in the EIS, not deferred until post-approval. Delaying this critical work risks insufficient lead time to manage impacts and may affect the project's ability to commence, particularly given likely competition for limited resources from other projects in the region. This Strategy must address the following:

Workforce sourcing and socio-economic impact

- Due to the Armidale Region's low unemployment rate, the Strategy must identify where the workforce will be sourced.

- The Strategy must include definitive commitments regarding:
 - A local participation plan, including an Aboriginal participation plan, which seeks to invest in and develop local skills and employment opportunities, particularly within disadvantaged groups such as the Ezidi community;
 - The proportion of the construction workforce that will be recruited locally;
 - The number of traineeships and apprenticeships made available to local residents;
 - Assessment of job competition impacts on local businesses, and measures to mitigate these impacts;
 - Actions to deliver tangible and lasting social and economic benefits across the LGA.
 - Quantified predictions of local spending by non-local workers.

More generally, a cap on the number of REZ construction projects operating simultaneously would be beneficial for promoting local employment in Armidale for the following reasons:

- Reduces labour demand spikes (smoothing peaks) - a cap would help stagger projects over time, aligning workforce demand with local capacity and training pipelines.
- Enables workforce training and upskilling - staggering project timelines provides a longer lead-in for training and upskilling local residents.
- Improves job retention and continuity - spreading projects out creates longer-term employment opportunities, supporting local workers to stay engaged in the region, build careers in renewables, and remain in the area long after construction finishes.
- Reduces competition for labour across projects - concurrent projects drive up wages and lead to poaching, making it hard for local contractors to compete. A cap helps coordinate demand, giving local businesses a fairer chance to participate.
- Eases pressure on housing and services - overlapping projects strain accommodation and infrastructure, hitting local workers hardest. A cap helps prevent overload, supporting locals' ability to access jobs.
- Reduces business risks of workforce shortages caused by REZ developments - limited local labour supply is likely to stifle non-REZ private sector investment across the region.

(3) Armidale Regional Council supports partial ownership of projects. What would that look like in terms of partnership structure?

Council has investigated a range of potential models; full details are available in [Armidale Regional Council Renewable Energy Action Plan](#).

(4) You say the government hasn't properly calculated the cost of the REZ to your council. What's being missed?

ARC currently lacks the necessary capacity in water supply, airport infrastructure, housing, landfill facilities, and road maintenance funding to support the demands of the NEREZ. In short, the latter requires additional trunk infrastructure that was neither planned for nor included in existing budgets. Further funding and resources will be needed to address these capacity shortfalls, which must be secured from external sources.

The NEREZ is also placing significant pressure on Council's planning resources. This includes:

- Strategic planning work to prepare and assess an increased number of planning proposals.
- A higher volume of development applications, construction certificates, and occupation certificates.
- Increased regulatory costs associated with development consent, voluntary planning agreements, and compliance.
- Planning for land acquisition, easements, and land supply to support employment and residential growth.
- A growing number of liveability-related studies, including open space, biodiversity, traffic impact, integrated transport, and growth management planning.

The NSW Government's disregard for Council costs is evident in its decision to approve developments before releasing NEREZ-wide cumulative impact studies, many of which contain inadequate preliminary findings. This reflects a fundamental sequencing failure, putting the cart before the horse, and prioritising implementation over evidence.

Along with other councils, ARC has repeatedly asked the NSW Government to provide clear responses to the following two questions:

- What are the cumulative environmental, social, and economic costs of the REZs - and who bears them?
- What are the cumulative environmental, social, and economic benefits of the REZs - and who reaps them?

Council is seeking assurance that the Armidale regional community does not disproportionately bear the costs of energy transition infrastructure while the benefits flow elsewhere.

(5) Have you completed your own assessment of costs? If so can you share that with the committee?

Council has commissioned a consultant to assess the cumulative impacts of the NEREZ on the Armidale Region; the work is not yet completed.

(6) Page 5 of your submission you state "There is currently insufficient information available regarding the fire safety and emergency response..." Do you feel like emergency risks are being brushed aside by the NSW government and/or developers?

Emergency services, such as the Rural Fire Service, are better positioned than ARC to comment on specific matters of fire safety and emergency response risks.

However, Council can speak to the broader issue of how the NSW Government responds to risk more generally in the REZ context. In Council's experience, these responses are often characterised by prevarication. This may be illustrated through EnergyCo's answers to questions on water security and the NEREZ, posed at the 2 July, 2025 Community Reference Group North meeting:

Question 1:

The following article was shared by a CRG member: [NEREZ and the Armidale Region: Opportunity meets urgency Armidale Regional Council](#). Could you please advise whether the statement in the article is

accurate: 'Works for the REZ cannot commence while Armidale is classed as a Category 5 (the most extreme) risk.'

In the article provided, council appears to be referring to the Safe and Secure Water Program (SSWP) Eligible Risks and Issues List (ERIL) scores. These categorisations are a component of a funding prioritisation tool developed by the Department of Climate Change, Energy, the Environment and Water (DCCEEW). EnergyCo acknowledge this is a priority for Armidale Regional Council and continue to engage on water-related matters (and many other matters) via our regular interface meetings, however there is no statutory link between the ERIL categorisation and the ability of a project (including EnergyCo projects) to obtain a planning approval.

Question 1A:

If this is true, please explain how Armidale's water security plans (as outlined by ARC) align with the NE REZ planning and development timeline.

As each major project (including EnergyCo projects) develop their respective environmental impact statements (EIS) and associated planning approval documents, the interface with individual council water security plans will need to be assessed, and on a project-by-project basis. As discussed in the CRG meeting, the New England REZ-wide studies set out to review and document baseline conditions in the region, estimate the anticipated increase in demand resulting from the REZ developments, and to identify opportunities to mitigate those impacts. These opportunities include the need to coordinate with councils (which includes consideration of water security plans), water-licence holders, the broader water market, community, government, etc. to ensure suitable mitigation measures are in place.

Question 1B:

Outline the relevant statutory requirements and timelines that EnergyCo must follow in relation to this issue.

As noted in the CRG session (and above), there is no statutory link between an ERIL categorisation and the ability of a project to obtain a planning approval. EnergyCo must (as do all proponents of major developments) prepare and exhibit an EIS in accordance with the applicable legislation and Secretary's environmental assessment requirements (SEARs). However, practical limitations related to water availability may affect the feasibility and timing of major developments. Management of water is a key component of an EIS which is expected to include identification of impacts and proposed mitigation which addresses groundwater, surface water and hydrology, flooding, etc. It is also useful to note all REZ-related developments, like any other development in the state, would need to obtain appropriate water licences to account for their water use.

Question 1C:

Provide a summary of any conversations or planning EnergyCo has had with Council to date, and how this fits within the broader cumulative impact study on water.

Armidale Regional Council contributed to the development of the water and wastewater security study through the period of Q4 2024 into early 2025 via a range of in-person workshops and information sharing, and the outputs of these are incorporated into the study. EnergyCo separately engage with Armidale Regional Council on a regular basis to discuss a range of project-related topics.

EnergyCo's responses repeatedly fall back on narrow technicalities and vague assurances, without addressing the core issue: Armidale's Category 5 water risk is not merely a theoretical concern; it is a fundamental constraint on the safe and sustainable delivery of REZ infrastructure.

While it may be technically accurate, in a narrowly legalistic sense, that there is "no statutory link" between an ERIL classification and project approvals, this framing is misleading. A Category 5 designation reflects an extreme and immediate threat to water security. Whether or not it triggers a formal legal prohibition, no responsible developer or government should proceed with large-scale construction in a community facing such severe water stress.

EnergyCo's reliance on a project-by-project approach to assessing water impacts only reinforces our concerns about its approach to risks. Council has developed a clear, evidence-based, and regionally coordinated water security strategy in response to a known risk. Yet there is no indication that this strategy is being meaningfully integrated into the NE REZ development timeline. References to future "coordination opportunities" and generic "engagement" offer no certainty to our community, nor any assurance that infrastructure will be in place when construction begins.

EnergyCo's response to the question on statutory obligations again highlights process over substance. Simply stating that projects must assess water availability through the EIS process does not guarantee that projects will be refused if water is unavailable, nor does it prevent cumulative oversubscription across the REZ. Similarly, noting that projects will require water licences sidesteps the fact that the region does not have the physical water to support those licences in practice. What is missing from this response is any indication of how statutory or other processes will effectively address known and extreme risks *before* projects are approved and construction begins.

Finally, while Council has participated in workshops and shared information as part of the water and wastewater security study, we have yet to see how this input is being translated into enforceable commitments or infrastructure delivery. Ongoing engagement is welcome, but it must result in a clear, funded, and time-bound strategy, not vague assurances with no firm plan attached. Anything less risks leaving Armidale exposed to unmanaged risks as the REZ accelerates.

(7) Page 10 of your submission you state "The Commission could act as an Ombudsman for renewable energy projects within each REZ..." What specific powers would you like to see from the Net Zero Commissioner with regards to this oversight

Given the existing absence of leadership and oversight from State departments and agencies, such as the Department of Planning, Housing and Infrastructure and EnergyCo, the Net Zero Commission might step into the breach by serving as an independent, authoritative body that ensures State agencies, developers, and other stakeholders are meeting agreed standards, addressing community impacts, and acting in the long-term public interest. Its roles might include:

- Independent oversight and accountability - Monitor REZ planning and delivery across agencies and proponents, with powers to investigate complaints or failures to meet obligations. This would ensure, for example, that Council's concerns about water, housing, waste, and service capacity are independently assessed, rather than dismissed or downplayed by State agencies or project proponents.

- Enforcing commitments and conditions - Track whether developers and agencies are delivering on the mitigation measures, infrastructure contributions, and community benefits promised in their EIS, SEARs, or VPAs. This would reduce the risk of 'paper commitments' that are never implemented, giving Council a body to which enforcement issues might be escalated.
- Coordination across projects - Act as a central point to manage cumulative impacts, e.g., staging project timelines, aligning workforce accommodation, and synchronising infrastructure upgrades. This would help to avoid chaotic, overlapping construction peaks that overwhelm housing, labour supply, and services.
- Transparent reporting - Publish regular, public reports on REZ progress, community impacts, and mitigation effectiveness. This would provide Council and the community with credible, independent data to inform planning and advocacy, rather than relying on developer-supplied information.
- Dispute resolution - Provide a formal mechanism to mediate disputes between councils, communities, developers, and State agencies. This would offer a faster, less costly alternative to legal action when Council's and/or the community's interests are being compromised.
- Advocacy for community interests - Ensure that REZ development aligns with regional economic, social, and environmental priorities, not just State-level energy targets. This would provide a stronger local voice in balancing the REZ's renewable energy objectives with genuine regional development outcomes.

If given the right mandate and powers, the Net Zero Commission could protect regional communities from the worst of the REZs' unmanaged impacts by acting as an independent watchdog, a coordination hub, and an enforcer of commitments, all of which would help ensure the project delivers on its promise without leaving local communities to shoulder the costs.

From the NSW Government's perspective, such a model would offer many benefits, protecting the REZ program as much as it helps local communities, leading to:

- Stronger risk management – By offering independent oversight, the Commission could reduce the State's political, legal, financial, and reputational risks if REZ projects fail to meet commitments or cause unmanaged impacts.
- Greater efficiency - The Commission's role would streamline communication between councils, agencies, and developers, reducing existing duplication, confusion, and mixed messaging.
- Benefits for the State's Net Zero targets - The Commission could help ensure community issues are resolved quickly, avoiding delays that could push the State off its net-zero trajectory.
- Increased public confidence - An independent umpire builds public trust, making it easier to secure social licence.
- Better management of cumulative impacts - The Commission could take a REZ-wide view, coordinating staging, workforce planning, and infrastructure delivery.

- Improved reputation for the NSW Government – If the Government began to take the need for overarching coordination seriously, it could well make NSW a leader in responsible renewable transition planning.

Yours sincerely

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