



Shire of Yilgarn

Council Policy 5.14

Community Enhancement Fund

5.14 Community Enhancement Fund (CEF)

Section:	General Administration
Date Adopted:	19 June 2025
Document Control:	
Previous Policy Number:	

PURPOSE AND BACKGROUND

The Shire of Yilgarn is committed to ensuring that large-scale renewable energy developments, including Wind Energy Facilities (WEFs, Solar Farms and Battery Energy Storage Systems (BESS)), and carbon sequestration developments (tree farms/plantations) deliver lasting positive outcomes for the local community. This Community Enhancement Fund (CEF) policy establishes a framework for proponents of such projects to share benefits with the host community, consistent with the Shire's strategic vision and best practices in Australia.

Unlike small, local or family businesses in regional communities, large scale developments generally do not return a significant proportion of their profits back into the community within which they were gained.

This Policy ensures that as large scale renewable energy and carbon sequestration projects proceed, they do so in partnership with the community through early engagement; benefit-sharing contributions and transparent governance, leaving a positive legacy in line with the Shire's strategic planning objectives.

SCOPE

This Policy applies to all large-scale renewable energy facilities and carbon sequestration facilities within the Shire of Yilgarn, including wind energy facilities (wind farms), utility-scale solar farms, large battery storage projects (BESS), typically those with a nameplate capacity exceeding 5 MW and carbon sequestering tree farms or plantations.

It is intended for use by Shire staff, Council, and developers (proponents) of renewable energy and carbon sequestration projects during project planning, approval, and operational phases.

This Policy sets out the establishment of a Community Enhancement Fund and details the expectations and requirements for proponent contributions towards the fund as a condition of Council support for such projects. Compliance with this Policy will be considered in Council's assessment of development applications and any related agreements with proponents.

DEFINITIONS

Australian Carbon Credit Unit (ACCU) - a financial instrument awarded to eligible energy efficiency, renewable energy generation and carbon sequestration projects that result in a reduction of Greenhouse Gas (GHG) emissions. One ACCU represents the avoidance or removal of one tonne of carbon dioxide equivalent (tCO₂-e) greenhouse gasses.

Community Enhancement Fund (CEF) – A fund to which the proponent contributes financially, for the benefit of the local community. Contributions are typically made annually over the life of the project and are used to support community projects, services, and infrastructure in accordance with this Policy.

Life of the Project – The expected operational lifespan of the project, assumed to be approximately 30 years (unless otherwise defined in approvals). CEF contributions are made for the duration of the project's operation.

Nameplate Capacity – The rated output capacity of a generator (in megawatts for wind/solar, or in megawatt-hours for battery storage if applicable). This is used as the basis for calculating CEF contributions. For hybrid projects, capacity is considered by each component (e.g. MW of wind, MW of solar, MWh of standalone storage).

Shire – Shire of Yilgarn

Social License – The ongoing acceptance and approval of a project by the local community and stakeholders. Earning a social license involves proactive community engagement, benefit-sharing, and responsible practices by the proponent to build trust and goodwill.

Proponent – The developer, operator, or owner of a large-scale renewable energy project (wind, solar, and/or battery) and/or carbon sequestration project (tree farm/plantation) in the Shire. This includes any company or entity seeking development approval for such projects.

POLICY STATEMENT

The Shire of Yilgarn requires that all large-scale renewable energy and carbon sequestration projects contribute to a Community Enhancement Fund (CEF) to ensure the local community directly benefits from these developments. This Policy sets a consistent approach for negotiating, calculating, managing and disbursing CEF contributions.

Key principles of the Policy include:

1. Early Negotiation and Agreement

Proponents must engage with the Shire at an early stage (e.g. during feasibility or prior to lodgement of a development application) to negotiate a CEF contribution agreement. The aim is to reach an in-principle agreement on community contributions before development approval, providing certainty to both the community and the proponent. Early negotiation aligns with best practice which calls for collaboration between councils and developers on benefit-sharing programs ([Benefit-Sharing Guideline](#)). The agreed contribution should be formalised via a legal instrument (such as a voluntary planning agreement, deed of agreement, or memorandum of understanding) at development approval stage, ensuring it is binding for the project's life.

2. Contribution Formula

The CEF contribution will be generally negotiated and calculated based on the following:

Renewable Energy Projects:

Installed capacity of the project of each asset installed and located in the Shire of Yilgarn, using a rate per megawatt (MW) per annum (or per MWh for storage). As a minimum, the contribution shall be no less than the benchmark rates recommended in the New South Wales Government's 2023 Benefit Sharing Guideline for renewable energy projects, which are:

- \$1,050 per MW per annum for wind energy,
- \$850 per MW per annum for solar energy, and
- \$150 per MWh per annum for standalone battery projects.

Carbon Sequestration Projects:

- Estimated or contracted Australian Carbon Credit Units (ACCU) for project areas located in the Shire of Yilgarn. As no benchmark is set, a percentage of the estimated or contracted ACCU's will be utilised for negotiations for the contribution.
or
- Percentage of capital expenditure for project.

The contribution amount agreed upon shall be indexed to CPI each year to maintain its real value over time, with the first year's rate typically based on the financial year of project commissioning. Contributions are expected on an annual basis for the full operational life of the project (indicatively 30 years), commencing from the start of commercial operations (or as otherwise negotiated). This long-term, CPI-indexed commitment ensures the fund grows over time and provides a reliable stream of community funding.

As the ACCU value can be volatile, to ensure carbon sequestration projects remain viable throughout the project life, where the ACCU methodology is utilised in calculating the contribution, it can either be indexed on CPI each year or indexed against the ACCU spot price average.

3. Minimum Contribution Levels

In relation to renewable energy projects, in all cases, the proponent's contribution must meet or exceed the Shire's minimum required level. The Shire will use the NSW guideline rates as a floor, not a ceiling ([Benefit-Sharing Guideline](#)). Proponents are encouraged to offer higher contributions or additional benefit-sharing measures where possible (especially if a project has higher impacts or to address specific community needs), but at a minimum the NSW guideline rates per capacity apply.

The Shire's preference is to calculate contributions on nameplate capacity; however, alternative formulas (such as a percentage of capital investment or revenue) may be considered if they deliver equal or greater community value over the project life. In the event that State policy or regulations (future State Planning Policy or legislation) mandate higher standard contributions, the greater requirement will prevail. This ensures that Yilgarn's community receives a fair share commensurate with projects in other regions and reflects the scale of development.

As there is little precedence set in relation to CEF contributions from Carbon Sequestration projects, there is currently no standard able to be applied. As such, negotiations between the Shire and proponents in these instances will be undertaken in good faith to ensure the precedence set is appropriate for the community and proponent.

4. Administration and Governance

The CEF is to be administered by the Shire of Yilgarn. Proponents will make annual payments to the Shire, to be held in a dedicated restricted cash reserve account established for the Community Enhancement Fund.

The Shire will disburse the funds in accordance with the *Local Government Act 1995* and relevant financial management regulations and audit requirements. By having the local government manage the fund, the Shire leverages existing governance systems, transparency mechanisms and community accountability measures.

Local governments are best positioned to understand local needs, coordinate projects, exercise sound governance and maximise returns on investment for community betterment.

The Shire's Community Strategic Plan will guide the decision making of the Council when deliberating on use of funds.

All CEF monies received will be accounted for in the Shire's annual budget (as restricted funds) and unspent funds will be carried forward in the reserve.

Recognition protocols will be established so that the proponent's contribution is acknowledged in Shire publications and at project openings, ensuring the proponent is credited for their community investment (thus supporting their Environmental Social & Governance (ESG) and social license objectives).

5. Eligible Uses of Funds and Thematic Priorities:

CEF funds must be used for projects, programs, or initiatives that provide a public benefit and align with the Shire's Strategic Community Plan and associated integrated planning framework including the Corporate Business Plan, Long-Term Financial Plan, and other informing strategies.

The overarching goal is to fund long-term sustainable and high-value initiatives that deliver lasting legacy outcomes for the community, rather than one-off short-lived spending.

The Shire will utilise an Advisory Committee for advice on funding requests and opportunities. The Committee will identify priority themes for investment – for example: improvements to local sporting and recreation facilities, community health and wellbeing programs, education and training scholarships, environmental conservation or renewable energy initiatives, arts and cultural events, emergency services and disaster resilience, tourism development, and local infrastructure enhancement.

These thematic areas echo those identified as best practice for reinvesting renewable benefits in host communities. Each year, specific projects or grants under these themes will be selected for funding. The Shire will ensure that funded projects are distributed fairly across the community and where relevant across different localities within the Shire, so that those most impacted by the development share in the benefits.

Importantly, CEF funds are additional – they complement (but do not replace) normal government spending or other funding sources, thereby truly “enhancing” the community. Proponents are encouraged to participate in launch events or media for funded projects as part of recognition, under agreed protocols.

6. Suggested initial thematic approach areas of investment include:

- Sport & Recreation: Enhancing sport & recreation facilities, the lifeblood of rural towns;
- Health and Wellbeing: Enhancing health and wellbeing generally;
- Education and Training: Scholarships and workforce development programs;
- Environmental Initiatives: Promoting renewable adoption and conservation; Arts, Culture & Events: Fostering vibrant regional communities;

- Disaster Resilience and Emergency Services: Strengthening emergency services; and
- Tourism Development: Investing in attractions to drive economic growth.

7. CEF Advisory Committee:

To assist with decisions relating to the distribution of CEF monies, the Shire will establish a CEF Advisory Committee. The Committee would ideally comprise Shire representatives (elected members and/or officers), community members (sought by expressions of interest) and a representative (and proxy) of each of the contributing companies.

The committee's role is to provide input on funding priorities, assess grant applications or project proposals, and make recommendations to Council on the allocation of funds each year. The committee will operate under clear terms of reference as approved by Council, ensuring recommendations are transparent, fair and aligned with the fund's objectives.

The proponent's presence on the committee can help coordinate recognition and ensure their perspective is considered, while the majority Council and Community representation safeguards local interests. Meetings will be held at least annually (or as required) to plan and review fund distribution.

It should be noted, whilst the opinion of the Advisory Committee will be highly valued by the Shire of Yilgarn Council, the Committee does not have delegated authority and as such Council retains the authority to accept, amend or reject recommendations from the Committee and to make alternative decisions.

8. CEF Governance

Annual Reporting on the CEF will be undertaken with the Shire publishing a summary each year of the fund's contributions received, projects funded (with amounts), and outcomes achieved. This report will be provided to the proponent and made available to the community, reflecting the principle that benefit-sharing arrangements should be transparent and publicly accessible ([Benefit-Sharing Guideline](#)).

The fund's management and accounts will also be subject to the Shire's normal audit process, with results reported as part of annual financial statements.

9. Alignment with Shire Plans and Community Input:

All CEF-funded initiatives should support the broader development plans of the Shire. The advisory committee and ultimately Council must ensure that the use of funds complements the Shire's long-term infrastructure and service planning. For example, if the Strategic Community Plan, Long-Term Financial Plan (LTFP) or Asset

Management Plan identifies critical community infrastructure needs (such as upgrades to community halls or recreation centres), the CEF can co-fund those projects. Similarly, non-capital initiatives in the Strategic Community Plan – such as improving youth services, economic development, or environmental sustainability – can be resourced through the CEF.

By aligning expenditures with these plans, the fund delivers strategic value and avoids ad-hoc spending. The Shire's Strategic Community Plan, reviewed every two years with community input, provides a current snapshot of the community's needs, wants and expectations. Aligning with this Plan and the associated integrated planning framework ensures the CEF is responsive to local aspirations. This collaborative approach reflects that benefit-sharing must be community-focused and tailored to local needs ([Benefit-Sharing Guideline](#)).

Where a proponent has its own corporate social responsibility themes (e.g. Science, Technology, Engineering, and Mathematics (STEM) education, community health), these can be coordinated with Shire priorities to maximise impact.

10. Alternative Funding Models:

Whilst the default position of this Policy is the Shire will manage the CEF, the Shire will consider alternative funding models on a case by case basis as proposed by the proponent.

For the Shire to consider an alternative funding model, the proposal must:

- Provide the equivalent level of funding to what would have been contributed under this Policy's formula (with the same indexation);
- Align with the Shire's strategic objectives and the needs of the Yilgarn community;
- Include the Shire in the governance or decision-making process; and
- Provide full transparency and reporting of expenditures to the Shire and community.

Essentially, the alternative funding model must mirror the intent of the CEF in scope and rigor. The Shire will only endorse such an arrangement if it is satisfied that the outcomes will be equal or better for the community.

If an alternative funding model is adopted, an agreement (or memorandum) must be in place detailing how funds will be allocated, how the Shire will participate in project selection and how reporting/recognition will occur.

The proponent should also demonstrate how the fund ties into their ESG commitments. Regular check-ins (e.g. annual meetings) between the Shire and proponent may be required to review the fund's performance. Notably, even under an alternative funding model, the Shire expects that key programs be coordinated with Council. This cooperative model follows the principle that benefit-sharing should be collaborative and centrally coordinated where possible ([Benefit-Sharing Guideline](#)), avoiding duplication or working at cross-purposes.

11. Financial Management and Reserves:

All CEF funds received by the Shire will be placed in a restricted cash-backed reserve specifically created for the Community Enhancement Fund. This ensures the funds are quarantined for their intended purpose and not used for general expenditure. Interest earned on the reserve will be retained within the fund.

Unexpended funds in any given year will be carried forward to future years, building a cumulative balance if appropriate. The Shire, in liaison with the proponent, may choose to accrue funds over multiple years for larger projects of significant community benefit, rather than disbursing all funds every year. However, a general guideline is that funds should be put to use in a timely manner to benefit the community that is hosting the renewable development (unless saving for a planned large project).

The reserve will be managed in accordance with the Shire's financial policies and the *Local Government (Financial Management) Regulations 1996*, with annual reporting as noted. If the project terminates earlier than expected (e.g. decommissioning or sale), any remaining funds in the reserve will continue to be used for community benefit. In the case of project ownership transfer, the Shire will seek commitments that the contribution agreement is binding on successors. Should there be any dispute or default in payments, the Shire will refer to the agreement provisions for resolution, noting that consistent contributions are a core aspect of maintaining the project's social license in Yilgarn.

12. Recognition and Communication:

The Shire will develop protocols to formally recognise the contributions made by renewable energy proponents through the CEF. This may include: signage at facilities or project sites acknowledging the proponent's community fund (e.g. "This project was funded by the Community Enhancement Fund contributed by [Company Name]"), media releases and stories highlighting the community outcomes enabled by the fund, and invitations for the proponent's representatives to attend and be acknowledged at community events related to CEF-funded initiatives.

Mutual recognition builds goodwill and encourages other developers to also contribute generously.

The Shire will maintain public registers of CEF contributions and will ensure the register is periodically communicated to the broader public. This transparency and promotion are consistent with maintaining public support for the industry and demonstrating that local communities can benefit from proponents who seek a social licence within the communities they operate in.

Through this Policy, the Shire of Yilgarn seeks to create a win-win outcome: proponents fulfill their corporate social responsibilities and gain community acceptance, while the community receives tangible and lasting benefits from the renewable energy and carbon offset transition. The Policy will be reviewed as needed

(for example, if State Government introduces new guidelines or if improvements are identified in implementation) to remain aligned with best practices and community expectations.

13.Exclusion Clause – Neighbour Benefit Schemes (NBS) Not Constituting Community Enhancement Fund Contributions

Nothing in this Policy shall be construed to imply or permit that Neighbour Benefit Schemes (NBS), Near Neighbour Payments or similar arrangements between proponents and individual landholders or nearby residents constitute part of or can be offset against the required Community Enhancement Fund (CEF) contribution.

Such neighbour-specific payments are considered project-specific mitigation or social license costs incurred as part of the normal cost of gaining project approval and community acceptance and are intended to compensate directly impacted individuals, not the broader community.

The purpose of the CEF is to deliver broader legacy benefits to the entire host community, beyond those properties or individuals most proximate to infrastructure. The CEF is a public-good mechanism to fund strategic, equitable and transparent investments in community wellbeing, services, infrastructure and sustainability outcomes—not compensation payments for localised amenity impacts.

Accordingly:

- The value or extent of any Neighbour Benefit Scheme implemented by a proponent shall not be deducted from or used to offset the agreed CEF contribution;
- The CEF shall be calculated independently, based solely on the nameplate capacity and/or ACCU value and indexed benchmarks outlined in this Policy;
- Proponents are encouraged to implement both NBS and the CEF as complementary but separate streams of community engagement and investment.

This distinction protects the integrity, equity and transparency of the CEF and ensures that all residents, including those not in immediate proximity to infrastructure, share in the benefit of the renewable energy transition.

Sources:

- NSW Dept of Planning Benefit Sharing Guide (2024) ([Benefit-Sharing Guideline](#));

Appendices:

- Appendix 1 – Community Enhancement Fund (CEF) Procedural & Operational Guidelines
- Appendix 2 – Community Enhancement Fund (CEF) Contribution Modelling Examples
- Appendix 3 – Community Enhancement Fund (CEF) Advisory Committee – Terms of Reference

Appendix 1 – Community Enhancement Fund (CEF) Procedural & Operational Guidelines

This appendix outlines the step-by-step process for establishing and operating a Community Enhancement Fund in line with the Policy.

Step 1: Initial Engagement and Proposal Stage

Pre-lodgement Discussion:

When a proponent is considering a renewable energy development in the Shire, they should contact the Shire administration early to discuss the Community Enhancement Fund expectations. The Shire will provide a copy of the Community Enhancement Fund Policy and associated documentation to inform the proponent's planning.

Scoping the Contribution:

The proponent and Shire will jointly scope the likely size of the CEF contribution based on the proposed capacity and/or scale of the development. This early estimate helps all parties understand the scale of community investment.

Community Needs Discussion:

The Shire may share information on community needs or potential projects that a fund could support and the proponent may share its initial ideas for benefit programs. Early brainstorming ensures both sides are aligned on the importance of community outcomes (e.g. the proponent might express interest in supporting local apprenticeships or environmental projects, which can be factored into the eventual fund usage).

Step 2: Negotiation of Terms

Formal Negotiation:

As the project details firm up (typically during project feasibility or once a development application is imminent), the Shire's representatives (e.g. CEO or delegated officer, and potentially Council's negotiating team) will meet with the proponent to negotiate the CEF agreement in detail.

Key terms include:

- the annual contribution amount;
- the duration of payments;
- the indexation method; and
- the payment schedule

The parties will also discuss the administration model (Shire-managed by default, or any request for alternative management methodology as per CEF Policy) and associated governance (committee involvement, etc.).

Documentation:

The outcome of negotiations will be captured in a draft Community Benefit Agreement. This agreement may take the form of a Planning Agreement under the Planning and Development Act (if applicable and enforceable) or a stand-alone Deed between the Shire and proponent. The agreement will specify obligations on both parties. Shire Council approval is required to endorse the agreement (and Council may resolve to make it a condition of development approval or a linked obligation).

Legal Review:

Both the Shire and proponent should seek any necessary legal review of the agreement to ensure it is robust. Important considerations include default provisions (e.g. what if payments are late), transfer of obligations to any new owner and dispute resolution mechanisms.

Step 3: Development Approval and Agreement Execution

Council Report:

When the development application (DA) for the project is assessed by Council (or by a Joint Development Assessment Panel, JDAP or State Development Assessment Unit (SDAU) if relevant), the existence or status of the CEF agreement will be noted. Ideally, the agreement (or a memorandum of understanding) is signed concurrently with development approval. If the DA is approved by Council/JDAP, a condition may be included along the lines of “The proponent shall implement a Community Enhancement Fund in accordance with the Shire’s Council Policy and the signed agreement dated [X].”

Finalising the Agreement:

The Shire President and CEO (on behalf of the Shire) and the proponent’s authorised officers will execute the Community Benefit Fund agreement. It will come into effect upon execution or upon a specified trigger (such as upon the project reaching financial close or commencement of construction, depending on what is negotiated).

Step 4: Establishment of the Fund and Governance

Reserve Account Setup:

The Shire’s finance team will create a new restricted reserve account in its financial system titled “Community Enhancement Fund”. This ensures any incoming funds are sequestered.

CEF Committee Formation:

Council will establish the CEF Advisory Committee by resolution, including appointing members (elected member representatives, community members, proponent rep) as per the CEF Advisory Committee Terms of Reference.

The Terms of Reference will cover the committee’s role, meeting frequency, quorum, decision process (recommendations) and reporting. Alternatively, if the fund will be

small initially, the Council may choose to handle decisions directly and form the committee once significant funds accumulate.

Public Communication:

Once the fund is official, the Shire will announce the establishment of the CEF to the community. This could include a joint press release with the proponent/s, highlighting the contribution amount and the shared commitment to community development. It helps set expectations that funding will flow when the project commences operation.

Step 5: Payment and Indexation Process

Invoicing:

The Shire will issue an invoice to the proponent for the CEF contribution as per the agreed schedule. Commonly, payment will be annual. The first payment might be due either at the start of construction (if agreed) or upon commissioning. (For example, some agreements might stipulate a smaller construction-phase community contribution before full operations.) Typically, the first full annual payment is due within a set time after the project starts exporting power.

CPI Adjustment:

Where provided for in the Community Benefit Agreement, each year, the Shire's invoice will adjust the contribution by the agreed indexation methodology.

Recordkeeping:

The Shire will record the payment receipt into the CEF reserve. If the project spans multiple decades, the Shire will maintain a schedule of expected payments and ensure the proponent is reminded of upcoming contributions. The proponent should similarly include the payments in their financial models and annual budget for the facility.

Step 6: Fund Allocation Planning

Annual Plan:

Each financial year the Shire, with consultation with the CEF Advisory Committee, will develop a plan for how that year's available CEF funds (including any carryover) could be allocated. This might involve identifying priority projects in consultation with community; a grants program for community groups and/or reserving funds if a large future project is targeted. The plan will consider the thematic priorities and any guidance from the Strategic Community Plan or Council.

Call for Proposals (if grants program):

If part of the fund is to be distributed via community grants, the Shire will open an application process. Local community groups, clubs, schools, or not for profit enterprises might apply for CEF grants for their projects. Clear criteria will be published (such as alignment with the fund's themes, demonstrating community benefit, capacity to deliver the project, etc.). The proponent may be invited to help promote this opportunity to encourage a wide range of applications.

Shire Initiated Projects:

The Shire administration may also put forward proposals for using CEF money on Shire projects (for example, a co-funding opportunity with State/Federal grants where CEF money provides matching funds for a big infrastructure project). These proposals would also be tabled to the CEF Advisory Committee for consideration.

Step 7: Decision-Making and Approvals

Committee Review: The CEF Advisory Committee will review all proposed uses of the funds and provide recommendations to Council. This could be done in a meeting where Shire staff present a summary of grant applications from the community and any Shire project proposals. The committee assesses each against the Policy objectives and available budget. The proponent's representative provides input, particularly if certain proposals resonate with the proponent's own community investment focus. The committee then forms recommendations – e.g. which projects to fund and at what amounts.

Council Approval:

As the funds are Shire-held, the final approval for expenditure lies with the Council (unless delegated). The committee's recommendations are reported to the Council meeting (this might be part of the Shire's budget adoption or a separate item). Council reviews and either formally approves the disbursement from the reserve as recommended; or with amendments. Council will ensure decisions are fair and within the scope of the Policy. Where a Council member has a conflict of interest (for example, if they are on the board of a community group applying for funds), they will exclude themselves per standard governance laws.

Step 8: Fund Disbursement

Release of Funds:

Following approval, the Shire's finance team arranges payments to the selected projects/recipients. If the Shire itself is delivering a project, the funds remain in the reserve until transferred to the municipal fund at the time of expenditure (with proper internal accounting). For grants to external groups, funding agreements or Memorandums of Understanding (MOUs) might be used to outline the use of funds and any reporting back needed from the recipient. Cheques/EFTs are issued to grant recipients with official letters.

Acknowledgment:

Along with the payment, the Shire will provide guidance on how the contribution should be acknowledged by recipients (e.g. "please acknowledge the Shire of Yilgarn Community Enhancement Fund (supported by [Project Proponent]) in any publicity"). Joint press releases or events will be planned for all disbursements and major projects.

Step 9: Monitoring and Reporting

Project Acquittal:

Projects funded by the CEF (excluding Shire projects) will be required to be acquitted by the recipients as per terms of funding agreements.

Annual Reporting:

At the end of each financial year (or calendar year), a CEF Annual Report will be prepared. It will include the total funds received from each proponent project, the list of projects funded (with brief descriptions and amounts), the carryover to next year, and any highlights or community feedback.

This report is presented to the Council and also shared with the proponents. It will be published on the Shire's website to further the positive social license gained by proponents contributing to the fund. This transparent reporting aligns with best practice where benefit-sharing arrangements information is publicly available ([Benefit-Sharing Guideline](#)).

Audit:

The CEF transactions are subject to internal and external audit as part of the Shire's normal financial auditing requirements under the Office of Auditor General and *Local Government Act 1995*.

Step 10: Ongoing Collaboration and Review

Regular Meetings:

The CEF Advisory Committee will meet, in addition to fund dispersal discussions, to discuss overall project-community relations. This provides an opportunity to adjust any aspect of the CEF program by mutual agreement. For instance, if after a few years both parties see a need to focus more funds on a particular issue (say, local road safety or a new community centre), the strategy can be tweaked.

Review of Policy and Agreement:

The CEF Policy and any specific CEF agreement may be reviewed after a certain period (e.g. every 5 years). Changes could include updating contribution rates if state guidelines change, or altering governance if needed. Any amendments to an agreement would require consent of both Shire and proponent.

The Shire will stay informed on any emerging State policies or legislation on community benefit funds to ensure this local approach remains in alignment or can be adapted.

End of Project or Termination:

If the project reaches its end of life (around 30 years or if decommissioned earlier), the proponent's obligation to contribute will cease as per the agreement. At that point, the Shire will plan for the use of any remaining funds – ideally, to cap off with a lasting legacy project. If a project is repowered or extended, the agreement should be

revisited to continue or renew contributions. In cases of project ownership transfer, the Shire will engage with the new owner to reaffirm the commitments (the agreement should bind successors, but proactive engagement helps ensure a smooth transition).

Appendix 2 – Community Enhancement Fund (CEF) Contribution Modelling Examples

This appendix provides illustrative models for Community Enhancement Fund (CEF) contributions based on project capacity, using both the NSW guideline rates and current Local Government frameworks.

Standard Rates (2023 baseline):

As per NSW Government's Benefit Sharing Guideline ([Benefit-Sharing Guideline](#)) and the Shire's policy, the base contribution rates are:

- Wind Energy Projects: \$1,050 per MW per year (indexed annually).
- Solar Energy Projects: \$850 per MW per year (indexed annually).
- Battery Energy Storage (Standalone BESS in rural zone): \$150 per MWh of storage capacity per year (indexed annually). (Note: For simplicity, the Shire may alternatively use \$250 per MW of battery power capacity as a guideline; however, if precise storage (MWh) is known, the NSW rate per MWh may be applied to ensure sufficient contribution.)

These figures are in 2023 dollars and are subject to CPI escalation each year going forward. The following examples demonstrate how contributions would be calculated:

Example 1: Mid-sized Wind Farm

A wind farm of 50 MW capacity. Using the wind rate: $50 \text{ MW} * \$1,050 = \$52,500$ per annum initially. If the project operates 30 years, and assuming an average inflation of 2% annually, by year 30 the annual contribution would grow to around \$95,000 and the cumulative contribution over 30 years would be approximately \$2.3 million (in nominal dollars).

Example 2: Large Wind Farm

A project spread over two local government areas: 300 MW of wind capacity in Shire of Yilgarn (for instance). Contribution: $300 \text{ MW} * \$1,050 = \$315,000$ per annum to Yilgarn ([Benefit-Sharing Guideline](#)). (If split with another Shire, each Shire's share could be proportional to number of turbines or capacity in each jurisdiction, as was done in the Sapphire Wind Farm agreement in NSW. Over 25-30 years, this single project would inject on the order of \$8–9 million into the local community, creating substantial legacy benefits.

Example 3: Solar Farm – A 100 MW solar farm.

Using the solar rate: $100 \text{ MW} * \$850 = \$85,000$ per annum. Indexed over 30 years, total contributions would exceed \$2.5 million. Even a smaller 10 MW solar farm would contribute \$8,500 per year, which could fund small community projects or accumulate for larger ones. Many solar projects also include battery components – see hybrid example below.

Example 4: Battery Storage Project (Standalone)

A large standalone BESS of 200 MWh capacity (for example, 50 MW power with 4 hours storage = 200 MWh).

Using the battery rate: $200 \text{ MWh} * \$150 = \$30,000$ per annum. If the BESS were instead calculated by MW: $50 \text{ MW} * \$250 = \$12,500$ – however, since 50 MW 4-hr has significant storage, the higher \$30,000 (via MWh) ensures the contribution is proportional to the facility's usefulness and impact. As battery projects become larger, the guideline may adjust, but this policy secures a baseline contribution from any storage facility.

Example 5: Hybrid Renewable Project

A project combining 150 MW of wind, 50 MW of solar, and a 50 MWh battery on the same site. Contribution would be calculated for each component then summed: Wind: $150 * \$1,050 = \$157,500$; Solar: $50 * \$850 = \$42,500$; Battery: $50 \text{ MWh} * \$150 = \$7,500$. Total = \$207,500 per annum. If the battery is integrated (not standalone), some guidelines suggest not double-counting it; however, the Shire's stance is that every component should contribute unless it's clearly part of the same capacity counted elsewhere. In any case, this example project would provide over \$200k/year, which could be transformational for local community funding.

Alternative Capital Value Model:

Advocacy precedence in other regional municipalities has seen a provision of 1.5% of Capital Investment Value (CIV) as another method of contribution. If a wind farm costs \$2 million per MW to build, a 50 MW wind farm costs ~\$100 million. 1.5% of \$100m is \$1.5 million. Spread over 30 years, that averages \$50,000 per year – which is in line with the \$52,500 per year from the per-MW model. Thus, the per-MW rates roughly correspond to ~1.5% of typical project capital cost, ensuring the community captures a small percentage of the project's value. The per-MW (or MWh) approach is more straightforward to administer and adjust with CPI, which is why it's used in this Policy.

These contributions, while significant, are generally a small fraction of a project's revenue or profit and are considered standard practice in other jurisdictions to ensure community support ([Benefit-Sharing Guideline](#)). Developers in NSW, Victoria, and other states commonly enter into such agreements (sometimes called Voluntary Planning Agreements or Community Benefit Schemes) – for instance, some wind farms in NSW contribute around \$2,500 per turbine or \$1,000+ per MW per year into community funds, and many have delivered hundreds of thousands of dollars to local projects over time. The Shire of Yilgarn's policy ensures we are aligned with these best practices, neither disadvantaging our community nor placing unreasonable burdens on industry.

Appendix 3 – Community Enhancement Fund (CEF) Advisory Committee – Terms of Reference

OBJECTIVES

The purpose of the Shire of Yilgarn Community Enhancement Fund Advisory Committee is to make recommendations to Council on the dispersal of funds from the Community Enhancement Fund (CEF) in line with the Community Enhancement Fund Policy (the Policy).

FUNCTIONS

Reports to Council to:

1. Provide recommendations to Council for the expenditure of funds allocated to the Shire of Yilgarn Community Enhancement Fund (CEF).
2. Assist Council, through provision of the CEF, to diversify and grow the economy; improve wellbeing, liveability and education/training and employment opportunities and support environment, social and governance (ESG), and sustainable communities' principles.
3. Serve as a practical instrument to support realisation of the broader goals of the Shire of Yilgarn Strategic Community Plan; and
4. Provide long-term financial assistance for projects that benefit the residents of the Shire of Yilgarn.

POWERS OF THE SHIRE OF YILGARN COMMUNITY ENHANCEMENT FUND ADVISORY COMMITTEE

The CEF Advisory Committee (Committee) does not possess any delegation or decision-making authority either from the Chief Executive Officer or Council. The Committee may make recommendations to Council on matters relevant to its purpose and scope. The Committee may provide advice and direction to Council and the relevant proponents on the process undertaken to identify and assess projects for funding.

SCOPE

The scope of activities to be overseen by the Committee include:

1. Consider projects, both Shire and community led, that address the Shire's Strategic Community Plan and/or associated integrated planning documents, for funding via the CEF
2. Consider options for community funding programs as part of the CEF.
3. Contribute to and prioritise projects that:
 - a. address the Shire of Yilgarn Strategic Community Plan;
 - b. diversify and grow the Shire's economy;
 - c. improve wellbeing, liveability and education/training and employment opportunities for residents of the Shire; and
 - d. support ESG and sustainable communities' principles.
4. Make contributions toward preparation of annual reports regarding the CEF performance and outcomes.

MEMBERSHIP

Voting Members

- 3 x Council-appointed Elected Member representative/s (minimum)
- 3 x Community Representatives

Non-Voting Members

- 1 x proponent member per CEF agreement
- Shire Chief Executive Officer
- Shire Executive Manager Corporate Services
- Shire Community Development Officer

COMMUNITY REPRESENTATIVES

Appointments of community representatives will be made following a public advertisement/expressions of interest process or as otherwise determined by Council and be for a maximum term of three years.

A community representative is eligible to reapply and be appointed for an additional term but is subject to the requirements of the recruitment / expressions of interest process each term expiry.

The following selection criteria is desirable to assist in appointing a Community Representative to the Committee:

- At least 2 years' experience representing community needs at a local level e.g. current or previous Committee member of local community organisation or board;
- Resident of the Shire of Yilgarn, with a willingness to represent local needs;
- Capacity and willingness to commit to the role and responsibilities, and actively participate;
- Strong communication and interpersonal skills; and
- High level of personal and professional integrity and ethics

The evaluation of potential members will be administered by the CEO and appointments will be approved by Council.

Council may terminate the appointment of any member prior to the expiry of his/her term, if:

- The Chairperson considers that the member is not making a positive contribution to the Committee; or
- The member is found to be in breach of the Shire of Yilgarn Code of Conduct or a serious contravention of the *Local Government Act 1995*; or
- A member's conduct, action or comments brings the Shire of Yilgarn into disrepute.

The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership, despite changes to Council's elected representatives.

QUORUM

A quorum shall be four (4) voting members.

The Committee is expected to make decisions by consensus, however, if voting becomes necessary then the details of the vote are to be recorded in the minutes. Each member of the Committee is entitled to one vote only. In the case of an equality of votes on any issue the Chairperson will have the casting vote.

CHAIRPERSON

The Shire of Yilgarn Council will endorse the Chairperson and Deputy Chairperson from the voting membership.

MEETINGS

Meetings will follow the *Local Government (Council Meeting) Local Law 2017*.

The Committee shall meet at such times and at such places as it may determine.

Agenda items are to be provided to the CEO 72 hours prior to the meeting, a summary of issues, actions, and decisions of each meeting of the Committee will be recorded and an action log will be developed and tabled at each meeting.

Meetings can be held in person or by video conference.

MEMBER INVITEES

Members of the Committee may request attendance of other stakeholders or subject matter experts. Attendance by non-member attendees will be by invitation by the Chief Executive Officer only.

The member requesting attendance of an invitee must advise the Committee Chair and CEO prior to the next scheduled meeting, so that the appropriate items can be added to the agenda.

CONFIDENTIALITY

Discussions that occur within the Committee are to be kept confidential. If there are key messages to be communicated outside of the Committee, a communiqué will be developed and endorsed by the Committee.

CONFLICTS OF INTEREST

Members will provide declarations in relation to any conflicts of interest that would preclude them from considering specific issues within a meeting.

Members must declare these conflicts of interest at the start of each meeting or before discussion of the relevant agenda item or topic.

Details of any conflicts of interest will be recorded in the minutes.

ENGAGEMENT WITH THE MEDIA

Only the President and Chief Executive Officer of the Shire of Yilgarn will be permitted to comment to the media on behalf of the Committee, unless otherwise delegated by the President or CEO.

REPORTING

Minutes of the CEF Advisory Committee will be provided to Council at the next Ordinary Council meeting after which a meeting has been held.

DUTIES AND RESPONSIBILITIES

This Terms of Reference is effective from the date of Council's resolution until such time as Council discharges the Committee of its function.

Once agreement is reached, funds will be deposited in the Fund Account. A record will be maintained of the contributions of each party to the Fund.

Interest accrued in the Fund Account will remain within the account for use on Fund Projects.

Decisions on projects and initiatives to which the funds are allocated will be agreed and approved in accordance with the Shire of Yilgarn Community Enhancement Fund Policy and this Terms of Reference.

GOVERNANCE FRAMEWORK

Shire of Yilgarn

- Final decision on funding allocation
- Reviews, monitors and reports on project progress
- Answerable to the Community

Community Enhancement Fund Advisory Committee

- Prioritises funding and project recommendations
- Makes recommendations to Council
- Community engagement
- Investment framework assessment
- Reviews proposals and allocation of funding
- Council-appointed Elected Member representatives to be reviewed every 2 years, at a meeting immediately following an ordinary local government election;
- Community representatives appointed by Council every 3 years following an expression of interest process (as outlined above)
- All Developer Agreement proponents can be non-voting observers of the Committee