X.X – Community Enhancement Fund Policy

1. POLICY PURPOSE

The Shire of Merredin is committed to ensuring that large-scale renewable energy developments (Wind Energy Facilities (WEFs) or farms, 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 Enhancements (Benefits) 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. With major renewable energy projects already in place, the Shire is consolidating its position as a renewable energy hub, supporting Western Australia's transition of its energy sector towards net-zero emissions by 2030.

This Policy ensures that as renewable 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.

This policy is to be read in conjunction with any State policies and guidelines referring to Community Enhancement/Benefit Funds applicable, including the proposed Community Benefits guideline for communities hosting renewable energy projects.

2. POLICY SCOPE

This Policy applies to all large-scale renewable energy facilities within the Shire of Merredin, including wind energy facilities (wind farms), utility-scale solar farms, and 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 projects during project planning, approval, and operational phases. The Policy sets out expectations and requirements for negotiating and establishing a Community Enhancement Fund as a condition of support for such projects. Compliance with this Policy will be considered in Council's assessment of development applications and any related agreements with proponents.

3. LEGISLATIVE REQUIREMENTS

Currently not in place, however there is consideration around the State Government providing a governance structure for community benefit funds.

4. POLICY STATEMENT

The Shire of Merredin requires that all large-scale renewable energy projects and carbon sequestration developments contribute to a Community Enhancement (Benefits) 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.

Community benefit arrangements can take many forms. The approach should be tailored to the Merredin community's needs and provide benefit throughout the development project's life. These arrangements can be a combination of financial or non-financial, however there will be an expectation of some form of financial contribution from the developer.

Benefit sharing can include:

• *Legacy funding and grant fund initiatives*. These financial arrangements are provided in greater detail in clause B, including the contribution based on the type of development.

• *Sponsorship*. This contributes to local groups and/or activities and can also build the local reputation of a project. Sponsorship can work well in combination with more long-term funding or support.

• *Community Infrastructure*. Infrastructure for the use of the community, such as local housing used as worker accommodation during construction of the development, can be donated to the community by the developer or constructed with direct financial support by the developer. Where there is a community need for these services, project proponents can also fund or supply upgraded solar, battery and/or telecommunications infrastructure.

• *Innovative financing and co-ownership*. Developers may choose to offer the local community additional opportunities to become involved in local projects.

The following principles will be considered when negotiating community benefit arrangements.

• *Appropriate*: the arrangements should consider the project size and its impact on the host community, with the contribution being commensurate to the scale of the project.

• *Provide Opportunity*: the arrangements should support the community to benefit from hosting a project and reap lasting economic benefits.

• *Equitable and Inclusive*: the arrangements should aim to include affected community as much as practicable and distribute benefits equitably.

• *Legacy Building*: the arrangements should leave a lasting positive impact on the community.

• *Bespoke*: the arrangements should be created with local input to address specific needs and concerns in the area.

• *Transparent*: the arrangements should be clearly communicated, with local involvement and collaboration whenever possible.

Key principles of the Policy include:

A. 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) (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.

B. Contribution Formula (Per MW and Indexation):

- Renewable Energy Projects - The CEF contribution will be calculated based on the installed capacity of the project of each asset installed and located in the Shire of Merredin, 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, indexed annually to the Consumer Price Index (CPI).
- Carbon Sequestration Projects - The CEF contribution will be calculated based on the estimated or contracted Australian Carbon Credit Units (ACCU) for project areas located in the Shire of Merredin. As no benchmark is set, a percentage of the estimated or contracted ACCU's will be utilised for negotiations for the contribution, or a percentage of capital expenditure for project. 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.

For both renewable energy projects and carbon sequestration projects, 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

C. Minimum Contribution Levels:

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 above 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 Merredin'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.

D. Administration and Governance

The CEF is to be administered by the Shire of Merredin. Proponents will make annual payments to the Shire, to be held in a dedicated restricted cash reserve account established for the Community Enhancements Fund. The Shire will manage and 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, and can support larger legacy projects which have longer lasting community benefit.

Local governments are best positioned to understand local needs, coordinate projects, exercise sound governance, and maximise returns on investment for community betterment. Key strategic priorities identified within the Shire's Council Plan will guide the Council when deliberating the use of the 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).

E. 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 plans (such as Council 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, in consultation with the community and the proponent, 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 grant programs under these themes will be considered for funding. CEF funds may also be bundled to support larger long lead time projects such as major capital works (ie new aquatic facility as an example). 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 project as part of recognition, under agreed protocols.

F. 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.

G. Governance Structure (CEF Committee):

To oversee the distribution of CEF monies, the Shire will establish a CEF Committee or Advisory Group. The Committee would ideally comprise Shire representatives (elected members and/or officers), community members (sought by an expression of interest), and a representative (and proxy) of the proponent companies who have contributed to the fund. The committee's role is to provide input on funding priorities, and make recommendations to Council on the allocation of funds each year. The committee will operate under clear terms of reference approved by Council, ensuring decisions are transparent, fair, and aligned with the fund's objectives. Similar to other Committees of Council, the CEF Committee will have no delegated authority to expend funds, rather make recommendations to Council for consideration to approve funding of projects aligned with the Council Plan and Thematic Priorities listed above.

Annual Reporting on the CEF will be undertaken with the Shire publishing a summary within the annual report 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. 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.

H. Alignment with Shire's Council Plan and Community Input:

All CEF-funded initiatives should support the broader objectives of the Shire's Council Plan. The proponent and the Shire will work together to ensure that the use of funds complements the Shire's long-term infrastructure and service planning. For example, if the Shire's Long-Term Financial Plan (LTFP) or Asset Management Plan identifies critical community infrastructure needs (such as upgrades to community halls, recreation centres, or roads impacted by the project), the CEF can be directed to co-fund those projects. Similarly, 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. Regular review of the Council Plan, together with biennial survey of residents (satisfaction survey) will support identification of changes in the community's needs, wants and expectations. This collaborative approach reflects that benefit-sharing must be community-focused and tailored to local needs.

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.

I. Option for Proponent-Administered Fund:

While the Shire-managed model is preferred, this Policy allows for an alternative arrangement where the proponent administers the community fund directly – but only with the Shire's agreement and under specific conditions. If a proponent wishes to establish and run its own Community Benefit Fund or similar program (for instance, via a trust, community grants program, or a third-party foundation), the following must be ensured:

(a) the level of funding provided by the proponent is at least equivalent to what would have been contributed under this Policy's formula (with the same CPI indexation);

(b) the fund or programs run by the proponent are aligned with the Shire's strategic objectives and the needs of the Merredin community;

(c) the proponent involves the Shire in the governance or decision-making process – for example, the Shire may have representation on the proponent's fund committee or a formal role in approving projects – and;

(d) there is full transparency and reporting of expenditures to the Shire and community.

Essentially, the proponent-run fund 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 than a managed approach. If a proponent-administered 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 will be required to review the fund's performance. Notably, even under a proponent-managed scheme, the Shire expects that key programs be coordinated with Council (for instance, if the proponent gives education scholarships or community grants, this should be communicated and celebrated jointly). This cooperative model follows the principle that benefit-sharing should be collaborative and centrally coordinated where possible, avoiding duplication or working at cross-purposes.

J. 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 Enhancements 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 Merredin.

K. 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.

Additionally, the Shire will maintain a publicly accessible register of CEF contributions and use this for periodic communications to the community. This transparency and promotion are consistent with maintaining public support for the industry and demonstrating that local communities are better off as a result of these

Through this Policy, the Shire of Merredin 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.

L. Exclusion Clause – Neighbour Benefit Schemes (NBS) Not Constituting Community Enhancements 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 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, Indigenous partnership initiatives, 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 CPI-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 (2023) (Benefit-Sharing Guideline) (Benefit-Sharing Guideline); Benefit-Sharing Guideline

Appendices:

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

- Appendix 2 – Community Enhancement Fund (CEF) Contribution Modelling Examples
- Appendix 3 – Community Enhancement Fund (CEF) Committee – Proposed Terms of Reference

5. KEY POLICY 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.

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

Community Enhancements (Benefits) 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. The CEF may also be referred to as a Community Benefit Fund in other documents

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).

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

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.

6. ROLES AND RESPONSIBILITIES

Implementation of this policy, including negotiating with relevant parties will be the responsibility of the Chief Executive Officer, with the assistance of the Shire President and Councillors.

7. MONITOR AND REVIEW

This Policy will be reviewed by the Executive Leadership Team every 2 years.

Document Control Box					
Document Responsibilities:					
Owner:	XX	Decision Maker:	Council		
Reviewer:					
Compliance Requirements					
Legislation					
Document Management					
Risk Rating	Medium	Review Frequency	Biennial	Next Due	October 2026
Version #	Action	Date	Records Reference		
1.	Adopted	XX January 2023	CMRef XXXX		

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

This appendix outlines the step-by-step process for establishing and operating a Community Enhancements 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 Enhancements Fund expectations. The Shire will provide a copy of this Policy and any relevant information (such as the Shire's Council Plan) 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 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:

a) the annual contribution amount
b) the duration of payments,
c) the index method; and
d) the payment schedule.

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

• Documentation: The outcome of negotiations will be captured in a draft Community Benefit Agreement (see Appendix 3 for an example outline). 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 Development Assessment Panel, DAP, 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/DAP, 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 Corporate Services division will create a new restricted reserve account in its financial system titled "Community Enhancements Fund". This ensures any incoming funds are sequestered.

• CEF Committee Formation: Council will establish the CEF Committee or Advisory Group by resolution, including appointing members (elected member representatives, community members by EOI, nominated proponent representative and deputy), as per the CEF Advisory Committee Terms of Reference.

Terms of Reference will be adopted, covering 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 or the first phase of planting of the carbon sequestration project is completed.

• CPI Adjustment: Each year, the Shire's invoice will adjust the contribution by the agreed indexation methodology as provided within the CEF Agreement with the proponent.

• Recordkeeping: The Shire records 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 (through the CEF Committee or relevant officers) 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 the community, a grants program for community groups); 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 Council 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 large infrastructure project). These proposals would also be tabled to the CEF Committee for consideration.

Step 7: Decision-Making and Approvals

- Committee Review: The CEF Committee (or Council if no committee) reviews all proposed uses of the funds. 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: Because 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 (which could be considered part of the Shire's budget adoption or a separate item). Council reviews and 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 Corporate Service 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 Merredin 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 Monitoring: The Shire (and possibly the proponent's community liaison, if they have one) will monitor the progress of funded projects. Recipients may be asked to provide a short report or presentation on the outcomes once completed. This ensures accountability and helps gather success stories.

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

• Annual Reporting: At the end of each financial year (or calendar year depending on agreement with the proponent), a CEF Annual Report is 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 proponent. It may be published on the Shire's website or included in the Shire's Annual Report to residents. This transparent reporting aligns with best practice where benefit-sharing arrangements information is publicly available.

• 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 the Auditor General and the *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, enabling the agreement to be amended based on changes in community need.

• 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 also 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 the Shire's advocated framework.

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 (Benefit-Sharing Guideline). 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 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 Merredin (for instance). Contribution: 300 MW * $1,050 = $315,000 per annum to Merredin (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 (Benefit-Sharing Guideline).) 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 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 MWh * $150 = $30,000 per annum. If the BESS were instead calculated by MW: 50 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 MWh * $150 = $7,500. Total = $207,500 per annum. If the battery is integrated (not standalone), some guidelines suggest not double-counting it (Benefit-Sharing Guideline); 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: For context, the Shire's advocacy mentioned a 1.5% of Capital Investment Value (CIV) as another method. If a wind farm costs, say, $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.

• Indexation Impact: It's important to illustrate indexation. If inflation runs higher, the contributions will increase accordingly. For example, a $100,000 annual contribution today at 3% inflation would be approximately $242,000 in 30 years. This protects the community's benefit in real terms and avoids erosion of purchasing power.

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. 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 Merredin'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 – Proposed Terms of Reference

OBJECTIVES

The purpose of the Shire of Merredin 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 Merredin 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 Merredin's Council Plan; and

4. Provide long-term financial assistance for projects that benefit the residents of the Shire of Merredin.

POWERS OF THE SHIRE OF MERREDIN 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 Merredin Council 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 Executive Manager Strategy and Community Services

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 two 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 Merredin, 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 Merredin 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 Merredin 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 including at least one Elected Member. 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 Merredin Council will endorse the Chairperson and Deputy Chairperson from the voting membership.

MEETINGS

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 Merredin 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 Merredin Community Enhancement Fund Policy and this Terms of Reference.