Community Benefit Agreements

Community Benefit Agreements (CBAs) are intended to be flexible and place-based. They should reflect the unique characteristics of each development, including its location and the priorities of the host community. The Queensland Government has developed the **Community Benefit Agreements Guidance for Local Government and Proponents** resource to assist with understanding:

- general requirements for a CBA
- how to prepare and enter into a CBA
- reporting and publication requirements.

A CBA may be informed by impacts and measures identified in the Social Impact Assessment (SIA) report, as well as opportunities for community benefits. The *Planning Act 2016* (Planning Act) and *Planning Regulation 2017* (Planning Regulation) do not establish mandatory requirements to address social impacts in a specific way through the CBA. This gives councils and proponents flexibility to negotiate a CBA that fits local needs.

Notes on negotiating commercial arrangements

Councils are encouraged to engage in negotiations with clarity, structure and a sound understanding of their community interests, as well as commercial realities.

Commercial negotiations often involve confidentiality provisions and staged commitments, particularly in early phases before financial close. CBAs may include review triggers to provide the opportunity for realignment with evolving community priorities.

Key considerations for negotiating agreements include:

- Parameters for negotiation including identifying non-negotiable community priorities, preferred governance and payment models, and minimum expectations around timing, transparency and legacy outcomes.
- Project details such as ownership structure, timeline to construction, and intended benefit governance to ensure any agreement reflects the real and lasting presence of the project.
- Whether standardised templates such as term sheets or Memoranda of Understanding (MOUs) will be developed to guide early discussions and record in principle commitments.
- Council's preferred approach to social impacts –including whether and how social impacts identified in the SIA report will be addressed in the CBA, either in full, in part, or counterbalanced by community benefit contributions.
- Council's preferred benefit delivery approach - such as financial, in-kind, or a combination – and whether this aligns with internal planning, policy and engagement documents.
- How community benefit commitments will be implemented and monitored, including timelines, reporting and escalation procedures in the event of non-performance.
- Whether agreements will reflect long-term interests, including provisions for changes in staging, ownership or project scope, or the expansion or reduction in the size or operation of the development over time.
- Monitoring and reporting obligations and dispute resolution processes.
- Whether independent legal advice is needed.
- How community expectations regarding anticipated or desired community benefit outcomes will be managed during negotiations.

Council's role during the CBA process

Councils can play a critical role in understanding local sentiment and using insights from the SIA process to negotiate CBAs that reflect identified community priorities and proportionately provide opportunity for community benefit. To do this, councils may want to develop internal policies or frameworks to guide CBA negotiations.

Key considerations for developing council policy include:

- A CBA that has been informed by the SIA process, both consultation and evidence, is more likely to deliver long-term outcomes that are visible, impactful and valued by the community.
- Although it is not a requirement in the planning framework, some councils may want to negotiate evaluation and monitoring provisions in a CBA to ensure they remain relevant, effective and aligned with changing community priorities. Other councils may prefer a one-time, thorough approach instead.
- CBAs provide an opportunity to seek community benefit beyond ad hoc or small-scale contributions such as strategic, long-term approaches that address real community needs and have the potential for lasting benefit. Depending on community insights, councils may choose one approach or the other, or a combination of both.
- Whether the likely number and scale of renewable energy projects would warrant a community benefit fund approach. There is a variety of governance models for community benefit funds, and councils need to understand the risks and opportunities for each.
- Community benefits should not result in cost shifting away from existing funding and legal responsibilities of councils, state or federal government, or other organisations.
- Councils will need to balance ambition with realism, ensuring that community benefit requests are reasonable and proportional to the development.

Moving beyond sponsorships to long-term outcomes

While short-term sponsorships for events or grants for local clubs have value, they may not be sufficient alone to build genuine social licence. CBAs offer an opportunity to move beyond ad hoc financial contributions toward strategic, long-term investments that address community needs and identified social impacts.

Councils can use CBAs to negotiate for initiatives that deliver enduring value, such as training and education pathways, permanent infrastructure upgrades (including those that may not be required by standard approvals), housing investments, health services or environmental programmes with lasting impact.

By aligning with local development and infrastructure plans or regional economic priorities, CBAs can serve as a tool to shape community growth, resilience and sustainability.

In doing so, CBAs become more than a compliance exercise. They can become a vehicle for delivering meaningful, measurable and lasting benefits that align with both the project's objectives and the community's future.

Types of community benefit

The types of community benefits in a CBA can vary based on local context, the nature of the development, type and level of social impacts and community expectations. The **CBA Guidance** provides examples of various types of benefits that can be considered in CBA negotiations.

Overview of community benefits for renewable energy projects:

Community benefits can look very different from project to project and location to location in Australia, ranging from local employment opportunities to in-kind contributions and funding for community initiatives.

There is no universal price per megawatt applied across all renewable energy projects in Queensland. Councils can choose whether or not they wish to establish a financial contribution rate for benefit delivery.

Any financial contributions under CBAs can be negotiated individually to reflect the unique characteristics of each project and the host community's needs.

Factors such as project scale, local social impacts and community priorities are all relevant matters to influence agreed benefits.

A flexible approach means CBAs can be locally informed and meaningful for the community, rather than simply applying a standardised financial rate that may not suit all contexts or communities.

The strongest community benefit and positive legacy outcomes through CBAs are likely to be achieved when a CBA is co-designed with local community insights.

Financial contributions

The financial benefits from proponents can be informed by a range of factors, including the size and staging of the project, its proximity to communities and cumulative community benefits (for example, the extent to which benefits are already being distributed).

Councils and communities can consider the cumulative impacts of multiple projects in a region, as well as local economic capacity and infrastructure needs. Flexibility in the legislation allows councils to charge commensurate to social impact. In sparsely populated areas, a lower per megawatt contribution may be appropriate, while projects near more densely populated or highly impacted communities may warrant contributions at the higher end of the range. This approach would allow flexibility for example in low-population regions, where opportunities to spend or invest funds may be limited, while still ensuring transparency and fairness in how contributions are determined.

Councils are encouraged to either reference SIA report findings to guide appropriate benefits, particularly in relation to identified impacts or social vulnerabilities and/or consider if the negotiated benefits suitably counterbalance identified impacts on communities.

Interjurisdictional approach to financial contributions for community benefits

The NSW Benefit-Sharing Guideline specifies a total funding value of $1050 per megawatt per annum for wind projects, $850 per megawatt per annum for solar projects, and $150 per megawatt hour per annum for stand-alone battery energy storage systems located in a rural zone. These contributions are indexed over the life of the development and are indexed to inflation to maintain their value.

Other Australian jurisdictions defer to the industry standard community benefit range of $800 - $1800 per megawatt per annum for wind projects and $150 - $800 per megawatt per annum for solar projects.

The community benefit contribution can be calculated on a per megawatt basis. This approach ensures that contributions are proportionate to the scale of the project.

Condamine River

Examples in action:

See **Isaac Regional Council** and **Western Downs Regional Council** for examples of renewable energy community benefit system policies which include monetary contributions.

It is important to recognise that financial contributions may form only one part of a broader package of social and economic outcomes.

These contributions sit alongside landholder agreements, local procurement, employment and development benefits such as improvements to housing or community infrastructure.

Councils should work with proponents to ensure that benefit arrangements complement other contributions and respond to the unique character and aspirations of their communities.

Supporting local business and workforce development

CBAs present a strategic opportunity to embed local business support and workforce development into the life of a renewable energy project.

Councils can play a key role in influencing that, where chosen, these types of commitments are tailored to local industry capability and employment readiness.

Examples in action:

Banana Shire Council

Created a local supplier database and aligned it with upcoming scopes of work; developed a Renewable Energy Procurement Strategy

Advance Rockhampton

Held project-specific procurement briefings and industry capacity-building forums

Central Highlands Development Corporation (CHDC) Resources Roundtable

Encouraged shared investment and procurement coordination across multiple proponents

Western Downs Regional Council

Integrated local business participation into road use agreements and workforce planning discussions

Community Benefit Funds - models, governance and risk

Community Benefit Funds (CBFs) can be used to deliver long-term, structured investment in communities that host multiple renewable energy projects. These funds can be administered through a range of models, including council-managed accounts, independent trusts, or hybrid governance structures involving representatives from council, the proponent and the community.

The choice of model will likely reflect the size and complexity of the fund, local governance capacity and both the proponent and community's desire for independence, transparency and control.

Some examples of models include:

Hybrid models

Balances flexibility with shared decision-making between the proponent, council, community members and the organisation. These models typically involve a governing committee supported by formal terms of reference, guided by a jointly approved investment strategy.

Council-administered fund

Provides alignment with existing planning frameworks and public accountability, however, may require additional administration and clear separation from general revenue. The potential for disconnect between the community and the proponent or operator of the project may result in a perception that the renewable energy industry offers limited local value. However, some proponents and communities may see value, or greater certainty or accountability, in council-based delivery.

Proponent-administered fund

Offers assurance to proponents and their executives, boards and investors as the fund is managed by the proponent and people directly accountable to them. In addition, communities can attribute benefits to the specific proponent and project. Places trust in, and obligation on, proponents to having ongoing oversight of the fund, which can result in loss of trust if poorly administered.

Independent trusts

Offer a high degree of independence and community ownership, but often come with greater legal and administrative complexity, ongoing governance costs and the need for specialist trusteeship.

There are risks that must be managed with each option including:

- misalignment between fund objectives and community needs
- potential for unequal distribution of benefits
- underperformance of investments
- loss of community confidence due to poor communication or unclear accountability.

Multi-regional fund

Where multiple projects are proposed in one region, councils may want to consider the benefits of a multi-regional fund with neighbouring jurisdictions to align expectations and maximise shared outcomes through pooled or regionally administered benefits funds, where appropriate. However, there are likely costs and added complexities for councils associated with creating regional funds, such as legal costs for setting up formal arrangements, the effort and time required for coordination, and the staffing needed for management.

Neighbour Benefit Fund

Neighbour benefit payments can be provided during the development, construction and operating phases of a project, to ensure those living closest to the development share in the direct financial benefits.

A proponent may wish to allocate funds to multiple types of models and benefit funds. For example, they might establish separate funding allocations for a CBF and Neighbour Benefit Fund using a hybrid model, council-administered fund and proponent-only fund. There are benefits to this approach, but also potential risks. One risk is that the overall value of the fund allocation may not be fully recognised.

A multi-model benefit approach could be more effective if combined with pooled funds from other proponents or stakeholders. While pooled funding presents significant advantages for benefit legacy, encouraging proponents to collaborate carries risks. Any change in an individual project or proponents' circumstances may delay negotiation, agreements or approval processes, or the distribution of funds to local communities.

Regardless of the model adopted, good governance is critical to maintaining trust and ensuring effective delivery. This includes transparent appointment processes, defined roles and responsibilities, financial auditing, conflict-of-interest management and regular public reporting. CBFs are encouraged to include publicly available guidelines for fund allocation and eligibility, with decisions made through documented, merit-based processes. Clear rules that govern how funds are allocated are also encouraged, whether via community grants, strategic infrastructure projects or pooled investments, as well as how decisions are made and reviewed.

A well-designed CBF is often underpinned by a clear legal framework, robust governance structure and ongoing or continuous engagement with the host community to adapt the fund as needs evolve over time. Where possible, provisions for periodic independent review or evaluation of the fund's performance can promote learning and improvement.

Options during development and construction phases can also be considered, such as initiating the CBF before the construction phase, or establishing a separate, time-limited CBF for the construction phase, as examples.

What if we don't agree?

Disagreements between councils and proponents over the content, value or structure of a CBA may occur. Councils are not obligated to enter into an agreement if they are negotiating in good faith, and they reasonably believe the offer:

- is inadequate in the context of the proposed development
- does not sufficiently mitigate, manage or counterbalance social impacts as identified through a SIA report
- is misaligned with community needs or reasonable community expectations
- does not meet acceptable standards of governance, transparency, or legacy.

In such cases, councils should ensure that all discussions are properly documented and that the basis for their decision is communicated clearly and respectfully.

All relevant factors that influence council's decision not to enter into a CBA should be documented as part of those deliberations. This helps to keep the public informed and supports fair decision-making.

Where council and the proponent are unable to reach agreement on a CBA, but both parties feel there is still the potential to reach agreement through facilitated negotiations, each party (either separately or jointly) can request formal mediation by writing to the Chief Executive of the Planning Act, who is currently the Director-General of the Department of State Development, Infrastructure and Planning.

Tracking proponent commitments

Council can choose the level of control and oversight it wants, and can negotiate which tasks it wishes to do itself and which tasks they will seek project proponents to undertake.

Under the Planning Act framework, there are no reporting requirements for the SIA. However, there are reporting and publication requirements for the CBA under the Planning Act.

If a Social Impact Management Plan is optionally included in a SIA report to document management measures, its monitoring review and updating may be discussed as part of CBA negotiations, where considered appropriate and relevant.

Council may choose to seek that proponents fully monitor and report on their obligations. The risk is that proponents might not fulfill their commitments, and if the council does not undertake its own monitoring, this may go unnoticed.

Clearly identifying who is responsible for keeping an accurate record of proponent commitments, timelines and deliverables is desirable for ensuring accountability and enabling timely intervention when issues arise.

In addition to councils and proponents, this could be done by Community Consultative Committees and Local Reference Groups. Councils who decide to proactively monitor CBA compliance may want to request and log formal proponent submissions, including milestone schedules and contact points. A centralised register, linked to project approvals or CBAs, can provide a single source of truth across council departments.

Councils may want to seek regular check-in points with proponents aligned with key project phases or an otherwise agreed frequency. These check-ins could raise emerging issues and maintain constructive working relationships for CBAs that include monitoring or review provisions.

Current provisions for fee recovery under the *Local Government Act 2009* or the *City of Brisbane Act 2010* (as applicable) do not include post-CBA costs.