

12 May 2016

**Dr Peter J Boxall AO,  
Chairman  
Independent Pricing and Regulatory Tribunal of New South Wales  
Review of Local Government Rating System  
PO Box K35  
Haymarket Post Shop NSW 1240**

Dear Dr Boxall

### **Rating Categories, Renewable Energy**

One of the issues that IPART seeks comments on in the review of the Local Government rating system is “What changes could be made to rating categories? Should further rating categories or subcategories be introduced? What benefits would this provide?” (*Page 23 of the issues paper*)

Bogan Shire Council has previously made representation to the Minister for Local Government regarding the creation of a new rating category – or subcategory – to cater for renewable energy operations.

Bogan Shire is home to what has been described as the largest solar power station in the southern hemisphere.

The Nyngan Solar Plant operated by AGL Energy is located on a former agricultural property approximately 10 kilometres west of the Nyngan Township. The solar plant occupies approximately 250 hectares of land and consists of approximately 1,350,000 solar PV modules installed on frames which are supported by around 150,000 steel posts. The plant will produce approximately 230,000 megawatt-hours of clean renewable electricity each year, enough energy to supply approximately 33,000 NSW homes.

The project has had the support of the Bogan Shire Council and the local community and, during construction, benefitted the local economy.

What concerns Council is the longer-term contribution of the Plant to the community. It is understood that local energy is unlikely to become significantly cheaper and that only around four to six workers are required at the Plant to maintain routine operations. This leaves rates income as arguably the only lasting long-term benefit for our community.

Before the construction of the Plant, this land was used as agricultural land, categorised and rated accordingly in our rates system. Once construction commenced, the land was re-categorised (rural) business attracting the rates payable for this category of land.

Unfortunately, with only a moderate increase in land value, the income derived has not increased to any great extent, and is not significant in relation to the size of the operations of the power station, being currently \$3,063 per annum.

Raising the ad valorem rate significantly is not an option for Council as this would impact significantly on other businesses in the Shire.

Given the size of the Plant, the revenue it will generate for its operators and its effect on the towns infrastructure, a higher rates payment derived from a specific category – as is the case for mining - could be considered more equitable.

Bogan Shire Council is therefore in favour of legislative amendments that support the creation of a new rating category to enable us to recover a more equitable share of revenue from this significant new industry in our Shire.

An alternative to changing the rating categories might be legislative changes along the lines of the Victorian system where provision is made in the Electricity Industry Act, 2000 for the payment of an amount in lieu of rates:

Section 94(4)b states that (Despite anything in the Local Government Act 1989), *"the relevant Council may, by notice in writing given to a generation company ... that is liable to pay rates in respect of land used for generation functions, require that company ... to pay, instead of rates in respect of that land, amounts agreed or determined under subsection (5)".*

Yours sincerely



**Derek Francis**  
General Manager  
Bogan Shire Council