



Public Document

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Australia Pacific LNG Community Investment Strategy Gas Fields and Pipeline

Community Investment Strategy

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Community Investment Strategy

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1. Introduction

1.1. Background and Purpose

This community investment strategy has been prepared for the Australia Pacific LNG project. The strategy builds on the Community Investment Framework within the upstream and downstream Social Impact Management Plans (SIMP).

Australia Pacific LNG community investment will always seek to build community sustainability and avoid creating dependencies. It will not replace the work of governments. Rather, our community investment approaches will seek to create partnerships between communities, local and state governments and Australia Pacific LNG. Community investment is further identified as a key mechanism for mitigating negative social impacts associated with the project and in supporting opportunities for community capacity building.

The purpose of this Community Investment Strategy is to outline:

- objectives and quantum of community investment
- investment vehicles and themes, and
- decision making process for community investment opportunities.

Australia Pacific LNG, and its upstream operator Origin, have a long history of investing in local communities. Appendix A details some of the community investments already undertaken or committed.

1.2. Scope

This strategy applies to Origin as the upstream operator of the Australia Pacific LNG project. This strategy will be operational during phase one of the project, covering the years 2011 to 2015.

Contributions to meet employee housing conditions, road impact conditions or spending which are driven by an operational need but has a community impact are outside of scope of this strategy. Australia Pacific LNG's contribution to address affordable housing is considered community investment and as such included in the quantum of this strategy. Allocation of affordable housing contributions will however be managed under separate strategies.

Sponsorships where the primary objective is business development or brand recognition are also outside of scope for this strategy.

2. Community Investment Overview

2.1. Objectives

The high level objectives of the Community Investment Strategy are to:

- mitigate social impacts associated with the Australia Pacific LNG project, and
- leave a positive legacy for the communities in the gas fields and pipeline areas which lasts beyond the life of the project.

In support of these high level objectives, a set of operational objectives have been identified in the Australia Pacific LNG SIMPs:

- support community capacity building through local skills development and contributing to local education opportunities

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- support programs that protect and enhance the productivity of our natural resources, including land, water and biodiversity
- support the continued development of safer and healthier communities (including efforts by ambulance, healthcare, police and emergency services and public welfare activities)
- support and deliver programs that assist to manage population influx in a responsible and sustainable manner
- support the capacity development of key social infrastructure services and facilities, in accordance with priorities identified by relevant stakeholders, and
- provide avenues to partner with government, industry and community that deliver long-term lasting benefits to the Project areas.

2.2. Delivery mechanisms

Community investment will be delivered through the following mechanisms:

- **Social infrastructure investment** - Social infrastructure investment focuses on investment in local facilities and services, primarily informed by impact assessment outcomes, community needs and resources analysis and regional Social Infrastructure Strategic Plans or community plans.
- **The Australia Pacific LNG Community Partnership Program** - Partnership funding focuses on sustainable community development through longer-term, large scale partnerships which facilitate capacity development for non-government organisations (NGOs), Government bodies and community groups.
- **The Australia Pacific LNG Sponsorships and Donations Program** - Sponsorships and donations provide assistance to support grass-roots projects of smaller community organisations and community events. A sponsorship involves a commercial, tangible return for Australia Pacific LNG (e.g. publicity), whereas a donation does not.
- **Employee giving and volunteering** - Support for Employee volunteering and giving facilitates employee participation in and donations towards community activities and volunteering events.

2.3. Priority areas

Australia Pacific LNG has identified four priority areas for community investment:

- **Community Safety, Health and Wellbeing** – funding that supports safer and healthier communities (including efforts by ambulance, healthcare, police and emergency services) and public welfare activities.
- **Environmental stewardship** – funding that supports the protection and enhancement of productivity in our natural resources, including agriculture, land, water and biodiversity.
- **Skills and Education** – supporting community capacity building through local skills development and adding to local education opportunities.
- **Sustainable Population Growth** – assisting communities to build social and physical infrastructure which will meet the challenges of increased population growth. This includes investment in affordable housing.

In addition to these, sponsorships and donations as well as employee giving and volunteering will also include the priority area of:

- **Community events and activities** that promote and enhance community connectedness.

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All Australia Pacific LNG community investment will be aligned to one or more of these priority areas.

2.4. Inclusions and exclusions

A set of criteria identifying what may and what may not be supported through Australia Pacific LNG community investment has been developed to provide clarity to stakeholders.

Australia Pacific LNG will consider supporting:

- projects and organisations that provide benefits to the communities in which we operate. This includes the local government areas of Maranoa Regional Council, Western Downs Regional Council and Banana Shire Council
- projects and organisations which fall within one of the Australia Pacific LNG priority areas
- projects and organisations which are consistent with Australia Pacific LNG values
- one-off social/community events or fundraisers.

Australia Pacific LNG will usually not support:

- individuals
- political organisations or campaigns
- minor sporting teams
- religious organisations for religious activities
- an organisations' ongoing operational costs
- private companies or commercial entities
- activities which encourage the irresponsible use of alcohol
- one-off donations to the same organisation more than once per year
- activities which are usually exclusively funded by government
- activities which provide a direct financial benefit to Australia Pacific LNG or Origin employees or contractors.

2.5. Quantum

The quantum of Australia Pacific LNG's community investment for the phase 1 project (2011-2015) is calculated as 0.15% of the projected capital expenditure plus 0.08% of the projected operational expenditure post FID. By linking the community investment quantum to a capex/opex formula, rather than an earnings or profit based formula, community investment spend will coincide with or precede actual impacts, allowing Australia Pacific LNG to address social impacts upfront.

Subject to a FID for a two train development, Australia Pacific LNG will invest \$50 million in the community, both up- and downstream, during the first phase of the project. The community investment quantum will include direct community investment, affordable housing contributions and direct management and administration costs related to community investment. It will not include contributions to meet road management conditions, employee housing conditions or community spending primarily driven by a direct operational need. Commensurate with its expenditure, Australia Pacific LNG expects approximately \$25M of community investment to be spent in Gladstone Regional Council, and \$25M to be spent in the upstream areas of Banana Shire Council, Maranoa Regional Council and Western Downs Regional Council. These allocations are not definite and will be reviewed regularly to ensure spend is commensurate with impact. As the majority of the project impacts in the upstream area are expected to occur within the Western Downs Regional Council area, and particularly the towns of Miles and Chinchilla, most of the phase one community investment will occur in these towns. Based on this, the approximate allocation of investment by local government area is provided in table 2.1 below:

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Table 2.1 – Proportion of upstream community investment per local government area

Western Downs	Maranoa	Banana Shire
65%-70%	25%-30%	5%-10%

Australia Pacific LNG expects that the majority of the community investment will be invested in social infrastructure (55%-65%, including \$5M to finance affordable housing contributions), followed by partnerships (25%-35%), sponsorships and donations (2.5%-5%) and employee giving and volunteering (2.5%-5%). It is important to note that these allocations are an estimate only. As the communities in which Australia Pacific LNG operates evolve, and as community needs change, the allocations may change accordingly.

3. Assessment Framework

3.1. Social Infrastructure Investments and Partnerships

Australia Pacific LNG will commit to social infrastructure investment and partnerships pending through direct engagement with state government departments, regional councils and larger NGO's. Consultation with the Australia Pacific LNG regional community consultative committees is a key step before committing to social infrastructure or partnership investments. It is important to note that Australia Pacific LNG's social infrastructure and partnership investment do not operate as a grants program. Australia Pacific LNG will however consider requests for partnerships from community organisations as they align with the evaluation criteria below.

Where joint social infrastructure mechanisms such as the Gladstone Foundation exist, Australia Pacific LNG will consider distributing its social infrastructure spending through these.

Australia Pacific LNG evaluates social infrastructure and partnership opportunities according the following criteria:

- impact mitigation potential
- community reach
- NGO/community support, including from relevant community committee
- Government endorsement, and
- longevity of Benefit or Social Return on Investment (SROI).

As an early, large scale partnership, Australia Pacific LNG has established the Gas Industry Social and Environmental Research Alliance (GISERA) with CSIRO, with a \$10M seed funding provided by APLNG. Out of this, Australia Pacific LNG will contribute \$2M to a major social research program scheduled to commence in 2012.

3.2. Sponsorships and Donations

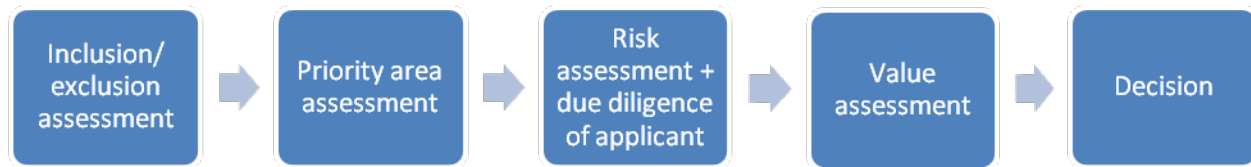
Australia Pacific LNG's sponsorships and Donations program is a small grants program aimed at supporting local community projects and events. Applications for projects meeting the inclusion/exclusion criteria and priority area criteria identified above will be considered. The primary evaluation criterion for sponsorships and donations is the value generated in the community, however value generated to Australia Pacific LNG will also be considered. Australia Pacific LNG will consider supporting projects with up to \$25,000 under the sponsorships and donations program.

Process

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Applications for sponsorships and donations can be submitted to Australia Pacific LNG or its operating companies, and will be assessed according to the following process:



3.3. Employee Giving and Volunteering

Australia Pacific LNG believes that its employees have a key role to play in building sustainable regional communities and is developing an employee giving and volunteering program to support this. The employee giving and volunteering will support the community investment objectives by building capacity in local and regional organisations and supporting integration of the project workforce in the community.

The program will consist of the following:

- **Matched giving.** Australia Pacific LNG will match field based operator company employee giving to eligible local organisations up to an annual cap.
- **Paid volunteer leave.** Australia Pacific LNG will provide field based employees paid volunteer leave with eligible local organisations capped at two days per year per employee.
- **Partnerships.** Australia Pacific LNG will seek to include volunteering opportunities in its partnerships, when suitable.

The employee giving and volunteering allocations will be guided by input from employee community committees to be established at all existing sites.

3.4. Consultation

Consultation with stakeholders underpins all Australia Pacific LNG community investment, and is a way of ensuring local ownership of the investment.

Social infrastructure investment and partnership investment decisions will be preceded by consultation with relevant RCCC's, or key stakeholders should the RCCC not yet be established or should the investment timeframes not allow RCCC consultation.

RCCC's will further be consulted on future directions of the community investment strategy as part of the progress reporting and annual reporting procedures, to align with local needs and priorities.

4. Reporting

A community investment progress report will be completed every six months, included in the SIMP progress report, and submitted to the Australia Pacific LNG Regional Community Consultative Committees (RCCC's) for review. The purpose of the progress report is to provide the RCCC's with an opportunity to comment on the direction and implementation of the community investment strategy. The progress report will outline:

- total community investment spend during the previous six months
- community investment spend per theme and investment vehicle, and

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- updates, review or evaluations of major social infrastructure and partnership investments.

A community investment annual report will be completed and submitted to the RCCC's and the Coordinator General as part of the annual SIMP report. The annual report will outline:

- cumulative community investment spend since project inception
- total community investment spend during the previous year
- community investment spend per theme, investment vehicle and local government area during the previous year
- evaluation of individual infrastructure investments and partnerships, as necessary, and
- progress on reaching the Australia Pacific LNG community investment objectives.

5. Review

This strategy will be reviewed after five years, or earlier if found necessary by Australia Pacific LNG, to ensure alignment with project priorities. In addition, as a key component of the SIMP, the strategy will be subject to external audits as conditioned by the Coordinator-General. The timing for these audits are:

- at the completion of the construction stage of the project
- periodically every 5 years after the commencement of the operational stage, and
- at project closure during the decommissioning phase of the project.

Following the external audit a report summarising the findings will be compiled and submitted to the Coordinator-General.

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Appendix 1 – Committed community investments

Australia Pacific LNG will continually work with local stakeholders to identify community investments that mitigate project impacts, meet local needs, and build capacity in the local areas. A number of commitments have already been made to ensure effective implementation of the SIMP. These are listed below.

Social Infrastructure and Partnerships

Roma Airport Upgrade

Australia Pacific LNG has committed \$1M to support the upgrade of the Roma Airport. Upgrading the Roma Airport has been considered the key infrastructure need of the Maranoa community, and is included in the Maranoa Regional Council Community Plan and economic development plan. The upgrade of the Roma airport is a key mechanism ensuring future social and economic growth of the region.

CARS Program

The CARS program is a partnership between Origin (the upstream operator of the Australia Pacific LNG project), RACQ and Queensland Minerals and Energy Academy. It delivers driver training to all high schools in the Maranoa Regional Council, Western Downs Regional Council, and Banana Shire Council areas. The program involves an information session, an online learning component, and a practical driving component. The focus of the training is a balance between behavioural change and appropriate skills acquisition. The program has been committed in response to social impacts relating to community health and safety, in particular increased road traffic.

Roma Region Parenting Van

Australia Pacific LNG has provided \$75,000 plus the cost of signage to construct a mobile parenting space for the Roma region. The mobile parenting space is an initiative of a local multi-stakeholder group aiming at creating a child friendly Roma. The parenting space is a van which will provide a clean and safe room for parenting and breastfeeding and will be used at shows at events throughout the Maranoa Region.

Skills Scholarship Program

The skills scholarship program is delivered in the Maranoa Regional Council and Western Downs Regional Council areas. It aims at supporting apprentices taking on a trade in a critical skills need area. Each apprentice receives up to \$13,500 throughout the life of their apprenticeship. There are currently 70 recipients of the scholarship, 20 of which have been accepted in 2011. The skills scholarship program will primarily address social impacts related to perceived staff leakage to the resource industry. It aims at increasing the regional pool of labour in critical skills need areas.

Chinchilla Community Kindergarten

Australia Pacific LNG has committed \$400,000 to seed fund the relocation and upgrade of Chinchilla Community Kindergarten. Due to growth in the community, the kindergarten currently operates at capacity and has a waiting list for 2013. The upgrade project will see the kindergarten double its capacity and relocate to a more appropriate and flood free property. In addition to its financial contribution, Australia Pacific LNG is actively supporting the kindergarten to source additional funding.

'Count me in' program

Australia Pacific LNG is working together with DET, DEEDI, the Office for Women, DEEWR and YWCA in the 'count me in' project which is aiming at identifying females in the Surat Basin willing to work

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but currently outside of the workforce, identifying barriers to employment, and providing targeted training. Australia Pacific LNG has committed \$50,000 to this program.

The 'I CAN' Program

Australia Pacific LNG is currently in negotiations with Titans 4 Tomorrow , the community development arm of the Gold Coast Titans, to deliver an extended version of the DEEWR funded Learn, Earn, Legend program, called 'I CAN' in schools in the Surat Basin. The program aims at supporting indigenous school students to stay in school, and transition from school to work or higher studies, and will be targeted at all indigenous students in the region in years 8 to 12.

'Mainstreet' Program

Australia Pacific LNG is currently developing a program supporting businesses in the 'main street', ie businesses not expecting to contract to major projects. The purpose of the program is to enable local businesses to understand and capitalise on the expected social and demographic change the CSG-LNG projects may bring to the region. The program is currently being developed together with DEEDI, and will be refined and rolled out in cooperation with local chambers of commerce and development corporations.

GISERA – Gas Industry Social and Economic Research Alliance

Australia Pacific LNG has provided \$10M to a five year research partnership with CSIRO focussing on social and environmental impacts of the CSG industry. \$2 M of this will fund a social research program.

Sponsorships, Donations and Volunteering

Origin, the upstream operator for Australia Pacific LNG has supported a range of local projects and events including the Easter in the Country, Beef Bells and Bottletrees and Melonfest festivals, men's health events, shows and campdrafts, and donations to e.g. the Royal Flying Doctor Service. During the financial year 2010/2011, approximately \$140,000 was spent on sponsorships and donations.

Origin has also provided volunteers for a number of community events, and will continue to develop its volunteering program to support workforce integration into local communities and build capacity in local organisations.

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