

Australia Pacific Liquefied Natural Gas project

Coordinator-General's change report on Local Content Strategy

March 2013

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1. Introduction

The *Australia Pacific Liquefied Natural Gas – Coordinator-General's evaluation report for an environmental impact statement* (Coordinator-General's report) was released in November 2010, pursuant to section 35 of the *State Development and Public Works Organisation Act 1971* (Qld) (SDPWO Act).

The proponent for the Australia Pacific Liquefied Natural Gas (APLNG) project is APLNG, a 50:50 joint venture between Origin Energy Limited (Origin) and Conoco Phillips.

1.1 Legislative provision for change report

In March 2013, the proponent applied to the Coordinator-General to assess a proposed change to a project, under Division 3A, section 35B, of the SDPWO Act. In accordance with section 35C of the SDPWO Act, the Coordinator-General has evaluated the effects of the proposed change, its effects on the project and any other related matters, and prepared this Coordinator-General's change report.

2. Public notification

In accordance with section 35G of the SDPWO Act, the Coordinator-General must decide whether or not the proponent is required to publicly notify the proposed change application and any effects on the project.

The proposed change neither materially affects the obligations contained in the relevant conditions nor requires complex evaluation. Accordingly, it is the view of the Coordinator-General that the proposed change did not warrant public consideration and the request for project change was not publicly notified prior to evaluating the change application.

3. The proposed change

APLNG has requested the withdrawal of Condition 2C(a)(i)c regarding the proponent's specific measures for managing social impacts (Appendix 1), Part 3 of the Coordinator-General's Report. Condition 2 reads:

- C: Proponents specific measures for managing social impacts
 - SIMP initiative in line with the draft SIMP commitments
 - (a) The proponent must:
 - (i) Submit copies and/or confirm APLNGs commitments for the project to the Coordinator-General for consideration before the finalisation of the SIMP:
 - a. APLNG Project Workforce and Training Strategy and Action Plan
 - b. job referral and job advertising service

- c. **APLNG Local Content Strategy consistent with the principles of the Australian Government Australian Industry Participation Plan**
 - d. Community Health and Safety Strategy
- (b) The proponent is required to provide not less than six monthly progress reports to all the RCCCs.

APLNG proposes that in place of the condition they will commit to adopt the Queensland Resources Council Resources and Energy Sector Code of Practice for Local Content.

The change seeks to maintain consistency with government policy and the practices of other proponents seeking similar changes, and make reporting arrangements more efficient.

The text in bold above is the condition that the proponent seeks to have withdrawn. Other conditions in 2C (a), are not altered by this change request.

4. Evaluation of the change request

4.1. Current progress on local content initiatives

APLNG has developed and implemented an Australian Industry Participation Plan. The plan was approved as meeting the requirements of the Local Industry Participation Plan.

4.2. Current Queensland Government policy and code of Practice for Local Content

The Coordinator-General's *Terms of Reference* for future resource projects undergoing *Environmental Impact Statement* states in Section 7.2.1:

The assessment of economic impacts should outline strategies to encourage participation by local industry and the local workforce, including strategies for ensuring local suppliers of goods and services receive full, fair and reasonable opportunity to tender for work throughout the life of the project. Private sector projects are asked to commit to adopting the Queensland Resources and Energy Sector Code of Practice for Local Content 2013, administered by Queensland Resources Council (Code of Practice for Local Content).

Since May 2012, I have not conditioned project proponents under the SDPWO Act to submit a Local Industry Participation Plan. In addition, if a proponent commits to adopt the Code of Practice for Local Content, I will acknowledge the proponent's commitment and recommend that it be adopted.

APLNG's current conditioning (Condition 2C(a)(i)c, above) is inconsistent with this current practice, and an amendment to the condition will bring it into line with current arrangements.

4.3. Current conditions and Code of Practice for Local Content requirements

Requirements under the Code of Practice for Local Content are consistent with outcomes sought under conditions set by the former Coordinator-General in November 2010. These include providing full, fair and reasonable opportunity for local industry to compete for the supply of goods and services for coordinated projects under the SDPWO Act and projects assessed under the *Environmental Protection Act 1994*, through the Department of Environment and Heritage Protection.

The Queensland Government and industry have a shared aim to see project proponents commit to engaging proactively with capable local suppliers.

The Code of Practice for Local Content asks proponents to adopt practical local content strategies to ensure there is early engagement with Queensland industry, and inclusive procurement practices and provides for guidance and support for proponents to deliver effective strategies.

5. Conclusion

Pursuant to section 35I of the SDPWO Act, my conclusions from the evaluation of the APLNG application for project change, dated 25 March 2013, are below.

I have determined that the proposed change does not materially affect the obligations in Condition 2C(a)(i)c – APLNG Local Content Strategy, consistent with the principles of the Australian Government Australian Industry Participation Plan.

I have decided to withdraw the condition because APLNG has committed to adopt the Code of Practice for Local Content, which is consistent with outcomes sought under the conditioning in November 2010.

I note the APLNG's commitment to adopt the Code of Practice for Local Content and it is expected this commitment will be implemented.

5.1. Revised conditions and recommendations

Conditions and recommendations made in this report are made pursuant to section 35I(2) of the SDPWO Act.

I conclude that Condition 2C(a)(i)c – APLNG Local Content Strategy consistent with the principles of the Australian Government Australian Industry Participation (Appendix 1, Part 3 of the Coordinator-General's report) should be withdrawn and a new recommendation 3 – Local Content be inserted in Part 3 – Social Impact (Appendix 1). The recommendation is:

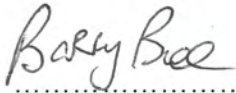
Recommendation 3 – Local Content

'The proponent is to adopt the Queensland Resources and Energy Sector Code of Practice for Local Content 2013, administered by the Queensland Resources Council.'

5.2. Distribution of change report

Pursuant to section 35J of the SDPWO Act, a copy of this report will be given to the proponent, and a copy will be made available at: www.dsdip.qld.gov.au/coordinator-general

As per section 35K of the SDPWO Act, the Coordinator-General's report on the EIS for the project, and the Coordinator-General's change reports, both have effect for the project. However, if the reports conflict, the Coordinator-General's change report prevails to the extent of any inconsistency.



Barry Broe
Coordinator-General

27 March 2013

