



Narrabri Gas Project Community Benefits Fund

September 2019

Community Benefits Fund Framework – the basics

- The government established the Framework in 2016 as part of the NSW Gas Plan.
- It allows titleholders to apply to the Minister to establish a fund, via a Gazette order, that:
 - is administered by a government entity
 - relates to titleholders in a geographical area
 - has the principal objective of providing benefit to the community.
- The Framework also allows the Minister decides who will administer the fund and the guidelines they must follow.
- The titleholder is eligible for a refund on royalties paid - \$1 for every \$2 paid into a fund, up to a maximum of 10 per cent of the annual royalties paid or payable in that financial year.



How the payments and refunds work under the Framework

Hypothetical example

- Gas Producer A pays an annual amount into a community benefits fund each year over the life of the project.
- In the 2019-20 financial year, Gas Producer A pays a total of \$7 million in royalties.
- In the same financial year, Gas Producer A also pays \$2 million into the community benefits fund.
- \$1 for every \$2 paid in that financial year = \$1 million.
- However, because the refund is capped at 10 per cent of the annual royalties paid or payable in that financial year, Gas Producer A is only entitled to a \$700,000 refund (10 per cent of \$7 million) on the royalties paid in that financial year.
- If Gas Producer A had paid \$1.4 million instead, it would have also been entitled to a \$700,000 refund (\$1 for every \$2 it paid).



What will the Narrabri Gas Project Fund arrangements be?

- In the Environmental Impact Statement for the project, Santos has said that:
“A Gas Community Benefit Fund would be established which would receive an estimated \$120 million through the life of the project”
- Scheme is voluntary – requires a request from the titleholder in the required form.
- In 2016 the Government published a generic guideline on how Community Benefits Funds would operate and nominated the Rural Assistance Authority as the default ‘government entity’ to administer any fund.
- The government has since received feedback from the community questioning whether these generic arrangements are suitable for the proposed Narrabri Gas Project Community Benefits Fund.
- In response, the Division of Resources and Geoscience will develop a specific guideline for the Community Benefits Fund established for the Narrabri Gas Project, in consultation with key stakeholders.

Key decisions for the Narrabri Gas Project Fund

**Geographical
Area**

**Government
Entity**

Governance

**Eligible
applicants**

**Eligible
projects**

The Division welcomes feedback on all of them

Geographic area

Purpose

- Determines which titleholders can pay into the fund
- In the guideline only: determines who/what can apply for grants

Current position:

- Form asks the applicant to identify the relevant LGAs – i.e. any titleholders within the specific LGA/s will be able to pay into the fund



Government entity

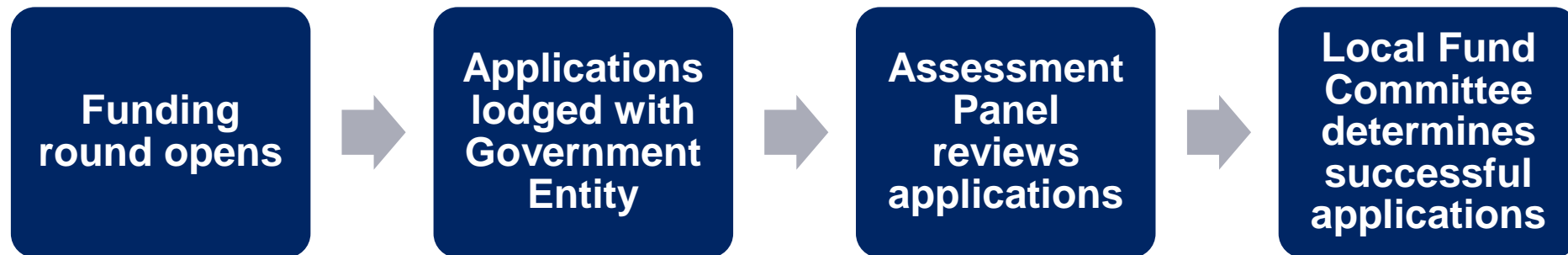
Purpose

- Manage the establishment and operation of a local committee to set the direction of the fund and determine successful grant applications
- Administers the applications and monies
- Issue and administer the grants

Current position:

- Rural Assistance Authority

Governance – the application process



Governance – decision-making

Assessment Panel

Purpose

- Review applications against the strategic priorities and objectives of the Fund
- Apply a merits based selection process to applications
- Make recommendations to the Committee

Membership

- Established by the government entity administering the Fund in consultation with the Division of Resources and Geoscience
- Three to four staff from relevant Government agencies and independent subject matter experts, as required



Local Fund Committee

Purpose

- Sets the fund's annual strategic direction and the focus of each funding round
- Determines the successful grant applications
- Provides annual reports to the Minister

Membership

- Independent chair, and at least five, but no more than six, representatives, including at least:
 - Two representing different local community interests (excluding current CCC members)
 - One each from the titleholder, the local government, and the NSW Government
- All appointed by the Minister in accordance with the government's board and committee appointments policy

Eligible applicants

Who can apply

Individuals, organisations or enterprises that deliver local and social community development initiatives in the areas of:

- Health – target health, safety and social wellbeing of the community
- Education – including infrastructure, learning tools
- Environment – improve the quality of the environment
- Economic development and heritage – boost and/or promote
- Sport, arts and culture – new or improved facilities, programs and resources.

Eligible applicants

- Be solvent, and believe that it will remain solvent during the project
- Have the legal capacity and powers to enter into a funding agreement
- Not have been wound up or had its legal registration cancelled
- Not have been prosecuted and had an infringement notice or penalty notice issued against it for a breach of a law which is relevant to the project.

Eligible projects

Eligible projects

- Benefit the community within the geographical area for the Fund
- Meet one or more of the Fund Objectives and result in direct and lasting benefits to the local community
- Maximum funding amount for a single project - \$500,000, subject to Ministerial exception
- Have ways to measure project performance
- Meet the strategic focus of the funding round
- Have not previously received monies from the Fund
- A proposed delivery time of less than two years, subject to exceptions
- Excludes ongoing operating costs of existing projects, projects with political or religious purposes and projects that predominantly benefit landholders who already receive compensation from a titleholder



If successful:

- **Sign funding agreement in form set by Government Entity**
- **Provide project updates as required to Government Entity**
- **Report to Government Entity on outcomes at end of project**



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