



Social Impact Management Report 2017

Santos GLNG Gas Field Development Project

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GLNG is a Santos PETRONAS Total KOGAS venture.





1. Introduction

Background

The Queensland Coordinator General issued his evaluation report on the environmental impact statement for the for the Santos GLNG Gas Field Development (GFD) project in December 2015.

The GFD project is an extension of the existing 2012 GLNG project with development to occur across the four local government areas of Banana Shire, Central Highlands, Maranoa and Western Downs regional councils.

About this report

In accordance with Appendix 3, Condition 2 of the evaluation report, Santos GLNG is pleased to provide the first annual Social Impact Management Report (SIMR) relating to the project.

While construction has not commenced on any of the tenements proposed as part of the Gas Field Development extension, construction work to expand the existing Scotia gas processing facility began in March 2017 marking the beginning of the GFD project.

This initial SIMR relates to the construction stage and is required to describe the outcomes implemented to date and the mitigation and management actions taken to:

- (a) inform the community about GFD project impacts and demonstrate that community concerns have been considered in making relevant decisions on mitigation and management of social impacts
- (b) enhance local and regional training and development opportunities
- (c) avoid, manage or mitigate GFD project-related impacts on the capacity of local and regional housing markets
- (d) avoid, manage and mitigate GFD project-related impacts on community health, safety and social infrastructure.



Overview

The GFD project area has historically had a strong rural industry base with grazing being the predominant land use. However, especially in the last decade, the region has experienced population and economic growth as a result of the development and expansion of the resources sector, particular in relation to coal and gas production.

The resources industry has partly offset subdued economic activity in the agricultural sector during periods of drought and low commodity prices. Recent gas field development has built upon the long history of gas production in the region, particularly in the vicinity of Roma.

Since the beginning of the Santos GLNG project Santos has made significant contributions to the economic and social infrastructure that supports the Roma and South West communities including:

- \$210 million to upgrade rural roads in regional Queensland.
- \$2.5 million in 2011 for an upgrade and expansion of the Roma airport.
- \$20 million over the life of GLNG to the CareFlight aeromedical service.
- \$1 million to Roma Allied Health.
- \$5.5 million to affordable housing and rent assistance initiatives in the Maranoa.
- \$1 million for significant upgrades to Roma's underground sewerage infrastructure.
- Over \$1 million for weed and pest management programs, including a significant upgrade to the Roma saleyards vehicle wash-down.

Further, over the past two years, Santos has paid more than \$140 million to South West Queensland postcodes in wages and purchases from small businesses. Santos also currently makes the following payments in the local community each year:

- \$12.5 million in annual compensation payments to local landholders.
- \$2 million in rates to the local council, around 10 per cent of their total rates revenue.
- More than \$100,000 a year on local community sponsorships in Roma and Gladstone.

2. Informing the community

Community and stakeholder engagement

In 2017, Santos GLNG continued to use a range of communication channels to provide communities with project information, seek their feedback and enable them to voice any concerns.

As part of our comprehensive approach to community engagement, Santos GLNG completed the activities described in Table 1 below during 2017.

In addition to these formal activities, Santos GLNG has offices that are open to public in Roma, Gladstone and Taroom. Our offices are staffed by local dedicated community engagement advisers. Additionally, a free call 1800 number is available for members of the community to speak directly with company personnel. There is also a dedicated website that allows 24-hour access to project information and an email address answered and monitored by the community engagement team. Three complaints were recorded for the 12 months to March 2018.

TABLE 1 – COMMUNITY ENGAGEMENT ACTIVITIES 2017

Participation level	How we engage	Stakeholder groups	Progress in 2017
Collaborate	Community Consultative Committees	Local and State Government, regional community groups and individuals, non-government organisations (NGO's)	The Gladstone Regional Community Consultative Committee met quarterly and the Joint Maranoa Regional Community Consultative Committee is now administered by local business group Commerce Roma with Santos representatives attending as required.
	Working groups	Special interest stakeholders	22 issue specific workshops covering water, housing, roads, emergency service provision and ongoing community investment implementation.
	Local landholder advisers	Affected landholders	In 2017, Santos GLNG has maintained more than 2,000 active landholder agreements with more than 650 landholders.
Involve	Targeted stakeholder briefings	All stakeholders	84 informal meetings were held during the reporting period.

Consult	Site tours	All stakeholders	25 gas field tours
	Community information sessions	Regional community members	2967 consultations
	Student water monitoring	Schools students	...
Inform	Project updates	All stakeholders	Santos participates in a weekly radio program in Roma upstream area.
	Fact sheets	All stakeholders	Fact sheets continue to be made available online and in the project offices on key topics of interest.

To inform our understanding of community perceptions of the gas industry and Santos, we recently commissioned independent research firm Crosby Textor to conduct research on the opinions of Queenslanders. The research was conducted between 27 February and 5 March 2018.

From a sample of 1200 people of voting age in the areas in and around Roma, Wandoan/Taroom and Miles, Toowoomba and Gladstone we found that 71% of people in these communities support gas industry operations in their local area or region. For this sample, the maximum margin for error at 95% confidence was +/-2.8%.

In Roma support for gas industry operations was 80% and in Gladstone 78%. While these towns had smaller samples and a higher margin of error of up to +/-8%, these independent research findings clearly indicate that the vast majority of those living in the regions in which we operate support our industry.

The research found that a consistent 70% of people agreed that the creation of thousands of jobs in Queensland and the significant contribution made to the community are good reasons to support Santos. In rural areas, most people are of the view that the gas industry has good relationships with local landholders (58% in Roma).

These recent results are broadly in line with previous opinion research tracks conducted by Santos, other companies operating in the Surat Basin and Gladstone, and the peak industry body APPEA over the past few years.

3. Local employment, training and development opportunities

During the initial Santos GLNG upstream project construction, 110 Santos staff were based in Roma. In February 2018, now well into the operational phase, 58 Santos employees reside in the *Maranoa Regional Council* area. The break-down of roles is as follows:

- 8 x Landholder Liaison
- 1 x Community Engagement
- 5 x Administration
- 15 x Operator/Maintainers
- 8 x Logistics/warehouse staff
- 1 x Communications Technician
- 5 x Irrigation Operations
- 3 x Stockmen (cattle operations)
- 1 x Cultural Heritage Officer
- 2 x Vegetation Management Operators
- 5 x mechanical and I/E technicians
- 2 x Civil Works Construction Supervisors
- 1 x Vehicle Fleet Maintenance and Bushfire Management Coordinator
- 1 x Regional Manager

These locally-based roles represent around \$7 million in wages being injected into the regional economy each year.

Southern Regional Qld

A total of 73 people are employed from **Southern Regional Qld** and drive to the field rather than fly. This makes up 21% of the total Field based operations workforce of 346. Current employee numbers in each area are as follows:

Field	Number
Arcadia Valley	9
Fairview Field	136
Roma Field (inc Roma town office)	182
Scotia	19
Total	346

A breakdown of the roles by function is as follows:

Role	Number	Locals represented
Gas Production Operations	109	14
Maintenance	29	6
Regional (Community, Land access, pastoral and irrigation ops)	29	26
Support (communications, IS, training)	16	2
Field Development	46	9
Drilling and Completions	71	5
Pipeline Operations	15	2
Warehousing/logistics	11	6
Camps*	20	3
Total	346	73

*Current numbers as of February 2018. Due to the changeover to Compass Group from Spotless, a recruitment process is currently underway and this number is not reflective of normal camp staff numbers. The actual number in normal operating conditions is around 90 to 100. The ratio of local/FiFo will be consistent with or slightly higher than the overall ratio of 20%.

Santos actively seeks to provide opportunities for local residents to develop the skills that allow them to work where they live. Between 2012 and 2017, there have been 62 apprentice and trainee opportunities across the GLNG business. The breakdown is as follows:

- Apprentices 18
- Full-Time Trainees 18
- School-based Trainees 24
- School-based Apprentices 2

There is also an ongoing program of engaging Engineering / Geoscience graduates and vacation students:

2015	45 vacation students / 29 graduates
2016	26 vacation students / 8 graduates
2017	45 vacation students
2018	48 vacation students / and currently recruiting for 12 graduates

4. Local industry participation

Santos GLNG is committed to finding practical ways to encourage local participation in its business, so that the economic benefits of its activities are shared throughout the community.

Highlights in 2017

- Since January 2011, Santos GLNG has purchased materials and services totalling more than \$16.6 billion Australia-wide, including more than \$9.0 billion in Queensland alone. About \$1.5 billion of this has been spent with regional Queensland businesses.
- Factsheets about procurement including a list of major contractors were made available in Santos GLNG offices in Roma, Taroom and Gladstone.
- Santos GLNG continued to deliver the Shop Local, Invest Local campaign in partnership with Commerce Roma through training and business development sessions in collaboration with the Business Excellence Program.

5. Local and regional housing markets

Monitoring the housing markets in the areas in which Santos GLNG operates is the first step towards identifying potential impacts the project may have on housing availability and affordability. Santos GLNG continues to monitor the housing markets in both Roma and Gladstone regularly and shares the results of this monitoring with local government and other interested stakeholders.

A recent study by the UQ Centre for Coal Seam Gas indicates that smaller towns experienced a peak in accommodation demand during construction phases, followed by a significant falloff once the smaller operational workforce came into play. The economics and housing markets of the larger centres, while now off the peak, appear to be retaining greater levels of housing demand and economic activity.

In 2018, Santos GLNG is operating 13 camps in total (eight permanent and five mobile camps). With a total capacity of 1676 beds, occupancy rates for the reporting period were approximately 60%.

Santos continues to promote a local workforce as discussed above, and this will continue to support the local housing market over time.

6. Health, safety and social infrastructure

Community health and safety

Community health and safety covers a broad range of different issues, from worker conduct to road safety. Santos GLNG is committed to operating in a way that is safe for the community and its employees. Safety will never be compromised in order to meet any other business objectives.

To the greatest extent possible, Santos GLNG aims to avoid, manage and mitigate any potential safety risks. As one example, road safety has been identified as one of the most significant risks to Santos GLNG personnel. To mitigate this risk, Santos GLNG has rigorous processes in place.

- All staff travelling into operational areas must adhere by the Santos GLNG Regional Rules. Under these rules, staff are required to complete an Authority to Visit to ensure that their movements are approved, tracked and monitored, not only for safety but also for social impact monitoring and planning.
- Safety bulletins are circulated to employees, contractors and the community to alert recipients to potential safety hazards or risks, for example stock crossing major roads, rig movements or road works. Additionally, if conditions are deemed unsafe (i.e. wet or inclement weather), all field roads will be closed to project-related traffic. All Santos GLNG and contractor vehicles are fitted with an In Vehicle Monitoring System (IVMS) that can track vehicle movements and driver behaviour in real time.
- During 2017, Santos GLNG staff and Contractors drove approximately 11.54 million kilometres and maintained an IVMS exception rate of 127 exceptions per million kms driven, well below our corporate target of 200. Santos GLNG driver's record exceptions when they go above speed limits, don't wear a seat belt, harsh brake or do not engage 4WD on an unsealed road.
- Statistically, according to the Bureau of Infrastructure, Transport and Regional Economics¹ safety figures, Santos GLNG drivers are more than twice as safe as the general population.
- To date Santos GLNG has spent more than \$200 million on rural road upgrades and maintenance. Over the next three years we expect to spend a further \$40 million on these activities. This funding delivers a more reliable and safer road network for the project and the community.



- Santos continues to provide onsite medical support for our workforce at our major facilities to reduce demand on local health services.
- Continuation of industry partnerships for the provision of emergency aeromedical services in Roma and Gladstone. These services are available for the regional community in addition to the natural gas industry.

Social infrastructure

Understanding and preserving social infrastructure in the communities where Santos GLNG operates is vital. A commitment has been made to invest in social infrastructure and economic development opportunities, to ensure the benefits of the business are shared and to leave a positive legacy for the communities in which Santos GLNG operates.

Where possible, Santos GLNG avoids impacting on social infrastructure. This includes limiting or consolidating vehicle movements on public roads, accommodating construction and operational workforces in purpose-built facilities in field locations, and supporting regional councils with infrastructure initiatives.

For more information regarding workforce accommodation and housing, please refer to the *Local and regional housing markets* section.