

# Local Buying Foundation CHARTER

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**LOCAL BUYING PROGRAM**  
BUILDING OUR FUTURE TOGETHER

**BHP**

**BMA**  
BHP Mitsubishi Alliance

**C-RES**  
COMMUNITY RESOURCING  
FOR THE FUTURE

PROUDLY DELIVERING THE LOCAL BUYING PROGRAM IN PARTNERSHIP

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## Overview

Local Buying Foundations (LBF) can operate in each state the Local Buying Program (LBP) operates and includes key relationships including BHP, the Board of C-Res, C-Res personnel and stakeholders in each community.

BHP provides funding for each LBF through the delivery of the Local Buying Program as a variable percentage of each transaction. As the success of the program is important to BHP and C-Res, the role of Chair of each Local Buying Foundation Advisory Committee (LBFAC) will reside with the Trustee of each Foundation.

The funding selection criteria will be applied in a manner that ensures no direct business benefit is derived or appears to be derived for BHP or its subsidiaries other than that which can be deemed as a simple by-product of fulfilling the goals of the program. This condition applies also to C-Res as the administrator in the arrangement.

C-Res is responsible for holding in trust the Foundation funds and providing all administrative support required to efficiently and effectively meet the program's intent. The costs associated with providing this administration support will be determined annually and approved by the Trustee.

## Intent

***Building on local capabilities and opportunities for growth in current and emerging industries, the Local Buying Foundation will support projects and programs which facilitate workforce development, innovation and the productive capacity of business and industry to grow the potential of their regional economies.***

To realise this objective, each LBF will focus funding on project and program opportunities which enable existing and new business and industry to capitalise on local comparative and competitive advantages, to help transition the regional economies where the LBF operates, towards the next phase in their economic development. In assessing and awarding funding for projects and programs seeking LBF support, decision-making will be guided by the statement of intent and the economic development planning principles which underpin it (refer to section 4).

## Definitions

- BHP BHP
- BMA BHP Mitsubishi Alliance
- BMC BHP Mitsui Coal
- C-Res C-Res (Qld) Pty Ltd
- Foundation Local Buying Foundation
- LBF Local Buying Foundation
- LBFAC Local buying Foundation Advisory Committee
- LBP Local Buying Program
- NSWEC New South Wales Energy Coal
- OD Olympic Dam
- WAIO Western Australia Iron Ore

## 1. Governance

### 1.1 Role of the Local Buying Foundation Advisory Committee (LBFAC)

The primary role of each LBFAC is to provide guidance and regional market/environment intelligence to inform, identify and support the investment and disbursement of the Foundations funds to the Trustees while overseeing the effective governance of the Foundation. The LBFAC will ensure that projects, programs and initiatives align with the Foundations objectives and meet specified criteria as outlined and with due diligence.

### 1.2 Role of the Chair

The role of Chair will be decided by the Trustees of each Foundation with the Trustees having the final decision over Chair appointments. The Chair is required to be a serving Director on the Board of C-Res.

The Chair will serve as a member of the LBFAC and in addition, will have the following added powers-

- Exercising a casting vote in the event of a deadlock;
- In the event that a meeting is one member short of a quorum utilise the casting vote as a manner of meeting quorum requirements;
- Having the power to veto an application for membership to the LBFAC and final decision as to make up of LBFAC to best represent the principles of the LBF in consultation with the C-Res Chairman;
- Having the power of veto in the event of a majority decision if said decision contradicts or contravenes the principles of the Foundation or objectives of same; and
- Ensure the LBFAC exercises effective and ethical stewardship over all or any funds attributed to the Foundation.

They will also-

- Provide leadership and direction to the LBFAC;
- Serve as the spokesperson for the LBFAC in the community;
- Chair all meetings and provide guidance to any committees;
- Exercise necessary management of discipline regarding the representation of the LBFAC by members including the right to terminate membership; and
- Advise the committees on good practice in corporate governance, e.g. giving guidance on the legal implications of the way it discharges its duties, runs meetings, and makes decisions.

Should the Chair be unavailable to undertake duties assigned to them then an alternative Director from the C-Res Board may assume the duties for that occasion or appoint an Acting Chair from the LBFAC until a new Chair is appointed.

### 1.3 Role of C-Res

C-Res will provide, along with the Chair position, secretarial support, administration and project management for each LBFAC.

The Directors of C-Res act as Trustees for each Local Buying Foundation. C-Res Directors offer final approval for all funding decision made by the LBFACs. They also decide the role of Chair for each LBFAC and are involved in any moves to discipline members or veto membership.

### 1.4 Local Buying Foundation Responsibilities

The LBFAC will:

- Meet quarterly, or no less than once every six calendar months to ensure the objectives, deliverables and program governance requirements are satisfied;
- Provide information and intel on current and emerging issues and trends associated with the LBF locus of influence;
- Represent the broad range of needs and interests, now and in the future, of the business community and other stakeholders as appropriate within the LBF locus of influence;
- Assess and recommend for approval any projects; programs and initiatives that meet the specified criteria for LBF funding; and
- Maintain transparency of decision making at all times particularly in relation to funding approvals to ensure that perceived or real conflicts of interest are managed and/or negated.

### 1.5 Local Buying Foundation Membership

Members will be drawn from regionally representative bodies that have a direct or indirect interest or investment in the betterment that the LBF projects, programs and initiatives bring to the areas that the LBF has the locus of operation within. Members will bring a diversity of representation regionally and by area of interest, skill and experience to the LBF and will be invited from a predetermined set of groupings.

Membership will be merit-based primarily with geographical representation consideration equally important where possible.

The LBFAC may from time to time increase its membership on a part or full-time basis dependent on regional need and if a suitable candidate organisation becomes available.

Membership is on a voluntary basis and neither the LBF, C-Res or any other member of the LBFAC can be held liable for any incidents arising from attendance at meetings or events.

## 1.6 Independence and Composition

Organisation or Body	Number of Positions	Representation
C-Res	1	<b>Chair</b>
BHP	1	<b>Founding member.</b> The representative is in a position of enough seniority within BHP to truly represent their interests in all decision making in this forum.
Representative Councils for LBF operational area	1/Council	Mayor or nominated representative of each Council within the operational area who is in a position of enough seniority within the Council to truly represent their interests in all decision making in this forum.
Incorporated/Registered Regional Economic development or Business Groups	1/Local Government Area covered by the LBF	Chair/CEO/President or equivalent executive position of the relevant organisation with a nominated proxy holding an executive position within the said organisation*.
Cross-Regional Industry Organisation	3	Representation from non-resource sector industries that are able to represent multiple regions by nature of operation including but not limited to- <ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Construction</li> <li>• Diversity</li> <li>• Education</li> <li>• Regional Development Australia</li> <li>• Tourism</li> </ul> Nominated representative from organisations within each industry is in a position of enough seniority to truly represent the interests of the organisation in all decision making in this forum.

\* See terms of appointment

## 1.7 Terms of Appointment

Membership shall be established utilising expression of interest process for terms of two years with a possible one-year extension. Consideration will always be given to LBF and LBFAC continuity when rotating or changing membership therefore staggered terms of appointment for members will be sought in the initial formulation of the committee. Further to this, there is the ability to apply a plus or minus three months to any individual term whilst rotation is being accommodated.

Membership will be awarded to an organisation, not an individual, which means that if the individual no longer holds the position for which they were accepted as a member through election or change of role then they are no longer entitled to hold the role on LBFAC. Individuals that do not represent an organisation but have regional significance or offering may be considered.

BHP's nominated representative/s will hold the position of Founding Member and must be holding a position within BHP that accommodates relevant decision making as well as affording representation of the interests of BHP in this forum.

Potential members must-

- Demonstrate clear independence in decision making;
- Demonstrate the ability to represent the organisation they claim as representing including the holding of a position that entitles membership;
- Demonstrate a significant offering to this forum in the form of regional impact;
- Demonstrate that they have not been precluded through past activity from holding a position that influences the distribution of funds in an ethical manner; and
- Declare all or any conflict of interest current or potential conflict of interest that may affect decision making.

## 1.8 Meetings and Sub-Committees

Meetings will be held on the basis of at least one every three - six calendar months with, on occasion, the formation of sub-committees based on expertise, knowledge and lack of perceived bias to primarily assess applications for funding to be decided upon by the LBFAC at said meetings. Sub-committees may meet more regularly to allow reporting to the main LBFAC.

## 1.9 Quorum

A quorum shall be half of the LBFAC members being present with the consideration that the Chair by nature of the role may exercise their casting vote to ensure quorum requirements are met.

## 1.10 Retirement or Resignation of Members

A person will cease to be a member and therefore cease to represent the Foundation in any manner when they-

- Resign in writing to the Chair providing adequate notice to ensure continuity where appropriate of decision making;
- No longer hold the position or are employed by the representative organisation as originally nominated;

- No longer resides within the operational area and/or no longer is able to fulfil the original reasons for membership acceptance;
- Absents themselves without justification from two consecutive meetings and/or fails to complete required duties pertaining to the membership during a continuous six-month period thus affording the Chair the consideration of the seat being vacated;
- Becomes incapable due to injury; illness or mental health reasons of managing their own affairs;
- Is prohibited by law from being a director, or disqualified from acting as a Trustee by virtue of Section 72 of the Charities Act 1993 (or any statutory re-enactment or modification of that provision) albeit that membership does not indicate that a person is a Director or Trustee for the purposes of membership; and
- Mis-represent, defame or publicly question the decisions, actions and principles of the LBF and/or LBFAC or its representatives.

## 1.11 Conflicts of Interest

A conflict of interest is deemed as a situation in which a member or C-Res Director has competing interests or loyalties and/or a member whose personal interests' conflict with his/her position on the LBFAC.

These may arise when-

- A member has an interest either personal or business-related to a decision being considered by the LBFAC or its distribution of funding.

Management of conflict of interest-

- Any interests of the LBFAC members in proposals or transactions relating to the Foundations operations be declared in advance;
- Upon declaration, consideration be given by the Chair as to the level of conflict and whether abstaining from discussion/decision process is required and/or removal from proceedings during that consideration; and
- A register of interests and conflicts of interests be maintained and regularly updated.

## 1.12 Conflicts Management

Whilst robust discussion and representation of opinions are welcomed the value of respect for individual difference is required by all members.

All conflicts will be managed under the principles of natural justice and where appropriate and applicable to decision making will be managed under majority rule.

All disputes will be managed according to the LBP Service Agreement as administered between C-Res and BHP.



### **1.13 Access to Independent Advice**

The Chair may provide or have provided access to independent advice regarding any matter as they see appropriate and cannot refuse a reasonable request for said independent advice.

### **1.14 Induction and Continuous Training**

New members will be inducted into their roles as Members and will sign acceptance of the Charter as a requisite document for compliance and membership.

Existing and or continuing members will be refreshed and/or updated on the membership requirements annually.

### **1.15 Media Representation and Liaison**

In relation to a liaison at any level with media including social media, all LBFAC Members will agree that no member can speak to the media or represent the views of any member, the LBFAC, BHP or C-Res in any form of media that can be directly or indirectly accessed by fair means or foul without prior approval from the Chair. In relation to BHP, approval is required from the Founding member.

### **1.16 Performance Review**

The LBFAC will undertake a regular review of internal controls which will form part of the Foundation's Annual Review process. If desired the LBFAC may choose to engage an external party to conduct the review but whilst considered the best practice to do so is not required to on every occasion for review.

### **1.17 Annual Review**

An annual review will be undertaken utilising the previous financial years' activities and deliverables, and a subsequent priority list will be formulated to drive decisions in the coming year. This review will be undertaken by C-Res and presented for consideration by the LBFAC. In addition, the LBFAC may determine additional programs/projects/initiatives that are to be considered. A public summary will be made available.

## 2. Funding and Decision Making

### 2.1 LBF Funding Categories

The following categories will be used for funding considerations that are in alignment with the LBF Statement of Intent and economic planning principles. The categories reflect the intent of the LBF whilst taking into consideration the priorities of the regions where the LBF operates.



## 1. Business and Industry Innovation

This category focuses on funding proposals which seek to deliver 'innovation infrastructure and services', including facilities, resources and services used by researchers, educators, business and industry to conduct research and foster innovation. This includes facilities such as shared workspaces, 'maker spaces' and business incubators, accelerators and programs where research, knowledge and data can be connected with entrepreneurial ideas to grow high-value and innovative businesses.

## 2. Developing the Workforce of the Future

Businesses need access to workers with appropriate skills, and human capital is one of the most important inputs to economic activity. Australia's economy is becoming increasingly reliant on knowledge-intensive jobs focused on ideas and problem-solving. At the same time, the nature of employment is changing, with many jobs relying on both manual and cognitive skills which complement automated, technology-driven production processes. This category is focused on funding applications for proposals which are aimed at helping regional economies to equip themselves with the skills, knowledge and capabilities required to adapt to new economic opportunities as they arise and to thrive in a constantly changing environment. It is focussed on workforce planning and development programs and education and training initiatives which will build workforce capacity by addressing the skills needed to equip the workforce of the future.

## 3. Indigenous Economic Development

This category is focused on funding proposals which seek to promote economic development by facilitating the involvement of Indigenous people in employment, business, asset and wealth creation in the communities and regions where they live. This includes initiatives which seek to provide opportunities for Indigenous people to access business and workforce development.

## 4. Micro-business and SME Capacity-building

This category is focused on initiatives that will serve to facilitate the development of basic business knowledge and business capabilities and enhance the innovative and productive capacity of local industry. It is focussed on the delivery of programs which provide information on and access to business support services; basic business training and business planning; or information on programs that facilitate access to finance to help establish and grow commercially-viable small and medium-sized businesses.

## 5. Industry Promotion and Economic Development

This category is focussed on funding proposals which seek to build on the local region's comparative and competitive advantages, to help emerging and expanding industries to develop and grow. It includes, for example, the preparation of local / regional economic development strategies, industry-specific planning studies and strategies, regional industry marketing plans and industry investment prospectus materials or investment attraction strategies.

## 6. Sponsorship

This category is focused on continuing the Local Buying Foundation's support for local business events, awards and conferences which occur on an annual basis and which do not need to complete the full application /approval process.

**Funding limits** can be applied for each category which is dependent on each LBF financial capacity and project needs in the regions the LBF operates.

To support these targeted categories -

- A. Funds will be allocated to grantees via competitive funding rounds whereby an application for funding is submitted utilising information as provided on the LBF website which includes eligibility criteria. The allocation of funding will be endorsed for approval by a majority vote of the LBFAC with consideration for alignment to the Foundation's principles, objectives and criteria.
- B. Funds will also be allocated based on the LBFAC recommendations that identify strategic projects and programs aligned with the statement of intent and the economic development planning principles which underpin it. These may be competitive or non-competitive, depending on whether the LBFAC decides to grant an exemption for organisations that are a clear or logical choice to deliver a particular project or program. Members may submit proposals for consideration in line with the decision-making framework however in line with their membership responsibilities are not allowed to participate in, lobby or coerce other members regarding the decision-making process.

The LBFAC and the Foundation will operate on a minimum six-monthly funding review cycle. As appropriate the LBFAC may remove funding rounds or add additional funding opportunities. It has the flexibility of decision making to fund projects of any scale. C-Res will provide a summary of eligible funding applications for each quarterly meeting within the LBFAC meeting material.

## 2.2 Project Assessment

All projects to be considered must meet the minimum specified criteria (see section 2.3).

The LBFAC will ensure, by whatever means deemed required, that all recipient organisations or individuals-

- Are of reputable standing;
- Are financial stable and have the capacity to deliver on all aspects of the proposed project/program;
- Have a proven track record of achievement and project management capability to deliver the proposed project/program;
- Provide accurate and satisfactory information initially and subsequently if required in relation to the proposed project/program outcomes or delivery of same; and
- Can demonstrate support by, or considerable benefit for, the community in which they intend to deliver.

Applications can also be assessed in accordance with BHP's Charter of Values including:

*Sustainability; Integrity; Respect; Performance; Simplicity and Accountability.*

## 2.2.1 Pre-Qualified Organisations

An annually reviewed data base of pre-qualified organisations in each region covered by the LBFAC will be compiled in order to streamline the application process for organisations that have delivered an event or service previously. This list does not guarantee funding to said organisation.

## 2.2.2 Selection Criteria

### Project Definition

Every project will be supported by evidence that shows that is viable from both a financial and deliverable basis. The complexity of documentation will vary according to the complexity of the project however must at the very least include all elements of a standard business plan. Therefore, they should include-

1. Purpose of project or activity.
2. Feasibility including financial performance.
3. Goals and objectives current and future.
4. Weaknesses and threats analysis.

### Project Readiness

Projects that are ready to proceed within the timeframes of funding approval will have preference over projects that require further approvals or design and capability assessment. Therefore, documentation should include-

1. Documentation of partnerships or collaborations that support the success of the project;
2. All requisite approvals as appropriate;
3. A firm commencement and completion date including factors that may affect this such as weather;
4. Project dependence on other projects or activities;
5. Project dependence on delivery of goods and services by third parties; and
6. General risk mitigation strategy.

### Regional Support

Good projects don't happen in isolation they have a broader mutual benefit. As a result, projects should be able to clearly articulate segment benefit and support including how it may integrate into the greater area of influence as chartered under the LBF.

## **Funding in Partnership**

There are many funding sources available for worthy projects and often joint or leveraged funding including seed funding of projects with regional significance should be considered. Therefore, projects should-

1. Provide evidence at least of exploration of opportunities for funding now and in the future.
2. Clearly outline any on-going funding requirements that may affect the results of the project.
3. Demonstration of value for money and clear total cost.
4. Value of contribution by status partners whether a direct or in-kind contribution.

Applications must also meet the minimum standard for consideration of-

- The need/opportunity that the project seeks to address;
- The goals and specific outcomes and objectives of the arrangement;
- A project plan including timelines;
- A marketing and communications plan including how the LBF is to be acknowledged;
- Budget and key performance indicators; and
- Evaluation methodology.

In addition to alignment with the Foundations strategic intent and the underpinning economic development planning principles, proposals will be assessed according to the following-

1. **Impact** - number of people and/or size of the area directly impacted/affected/benefitted by the proposal whether that be immediate or through scalability in consideration of a pilot.
2. **Sustainability** - the ability for the results to be sustained or be self-sustaining; be replicable or have long term impact on the community as a whole.
3. **Cost-Effectiveness** - pass a cost-benefit analysis type of scrutiny particularly in relation to outcomes versus administration and the leveraging of other funding sources.
4. **Alignment and Practicality** - programs are aligned with the principles and key result areas of the LBF.
5. **Project Agility/Flexibility** - ability to respond to changing needs, strategies and risk mitigation.
6. **Reputational Advantage and Exposure** - the initiative builds a positive reputation and gives good exposure and recognition to LBF.

***Decision making and voting results will not be made public.***

## **3. Reporting, Monitoring and Evaluation**

### **3.1 Reporting**

#### **3.1.1 Application Documentation**

Only applications that are received through the LBF website and are considered complete through that process will be considered. A preliminary assessment against process and selection criteria will be conducted to ensure that LBFAC meeting time is maximised for productivity.

Pre-assessment may/will be done by committee or whole of membership prior to the scheduled meeting dependent on nature and complexity of the application.

*\*Note that the meeting is for funding decision making, not individual assessment purposes.*

Any out of cycle funding decisions will be determined by Flying Minute whereby the Chair makes a recommendation to the Advisory Committee for final approval and payment authority.

#### **3.1.2 Project Reporting**

It will be a condition of funding that all approved programs, projects and initiatives report on their outcomes and results. Project deliverables will be identified in the Annual LBF Report prepared by C-Res and captured through an annual survey to ensure LBF is meeting its objectives.

#### **3.1.3 Management Reporting**

A quarterly project report will be provided to members to ensure that previously approved projects are progressing as per agreed timeframes, KPIs and outcomes. This will be presented geographically and regionally.

## **3.2 Monitoring and Evaluation**

### **3.2.1 Post Project Evaluation**

Funding recipients are required to complete a post-program evaluation form which is available on the website and is collated and used by C-Res to assess program effectiveness annually.

### **3.2.2 Financial Evaluation and Audit**

C-Res will conduct/facilitate an annual audit through a recognised audit partner to assess the effectiveness and appropriateness of activity during the year. This will also assess internal controls for risk mitigation.

## 4. Supporting Information

### 4.1 Economic Development Planning Principles

#### **The Local Buying Foundation's Economic Development Planning Principles:**

In encouraging business innovation, the development of workforce skills, industry diversification and new investment in the regions where it operates, the Local Buying Foundation supports initiatives and proposals which:

- *Support entrepreneurship and innovation in current and emerging industries including, but not limited to food and agri-business, advanced manufacturing, professional services, the creative industries, education, health and tourism.*
- *Facilitate or promote opportunities for value-added economic activities which target existing, new and emerging markets.*
- *Support industry adaptation and the capacity of businesses to respond to issues and opportunities concerning climate change and water security.*
- *Support economic diversification and the growth of 'knowledge-intensive' industry activities.*
- *Support micro and small-to-medium sized enterprises (SMEs) to build their productive capacity through business training, workforce development, research and innovation.*
- *Address local workforce capacity through the development of skills to serve the workforce of the future in line with the requirements of existing and emerging industries.*
- *Encourage Indigenous economic development through initiatives which provide opportunities for Indigenous people to access education, training and employment in the communities where they live.*