

Alcoa Waroona Sustainability Fund

Terms of Reference for Advisory Committee members

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1. INTRODUCTION

Alcoa and the Shire of Waroona share a clear goal – to help build a strong and sustainable future for the region.

To achieve this goal Alcoa is establishing a sustainability fund with the Waroona Shire.

The Fund will be administered by the Shire of Waroona through a Deed of Agreement entered into with Alcoa. The Deed of Agreement provides for the formation of an Advisory Committee to advise the Shire on the granting of funds.

This document outlines the Terms of Reference for membership of the Advisory Committee.

2. DEFINITIONS

“Advisory Committee” means the advisory committee established and administered pursuant to the Deed of Agreement and these Terms of Reference.

“Alcoa” means Alcoa of Australia Limited.

“Appointment Round” means the process by which the Advisory Committee invites applications to fill positions on the Advisory Committee which are vacant, or expected to become vacant in the next year, and makes recommendations to the Shire for the filling of those places.

“Bidding Round” means the process of inviting bids for funding from the Fund, considering and deciding which bids will be supported, and contracting for that support.

“Deed of Agreement” means the deed of agreement between Alcoa and the Shire pursuant to which the Fund is established and administered.

“Fund” means the Alcoa Waroona Sustainability Fund.

“Region” means the local government region known as the Shire of Waroona as at 30 June 2011.

“Shire” means the Shire of Waroona.

“Sitting Fund” means a Trust Account holding contributions to the Fund from which both the capital and the interest may be allocated

“Calendar year” means 12 month period from 1 January to 31 December of that year.

“Financial Year” means the 12 month period from 1 July through to 30 June in the following year.

3. FUND INTENT

The overall focus of the Fund is to fund initiatives, facilities and projects with enduring value that result in meaningful, sustainable, positive change for the communities surrounding the Wagerup refinery.

It is likely that projects supported will be both large-scale and long-term projects. Projects seeking once-off funding may be directed to Alcoa's Wagerup refinery community sponsorship program.

The funding framework will focus on delivering a more strategic approach to ensure that the benefits from Alcoa's investment in the Wagerup region are realised by all.

Key aspects of the framework are:

- (a) Shared responsibility for funding decisions through the formation of an Advisory Committee made up of Alcoa, Shire and community representatives who will advise on the allocation of funds and regional priorities.
- (b) the Fund is held and invested by the Shire to allow for building a capital base to provide an annuity beyond Alcoa's investment period.
- (c) Investment in the region is linked to investment in the Wagerup refinery by linking the amount of money paid into the Fund to the volume of alumina produced at Wagerup refinery.

4. FUND OBJECTIVES

The Fund can be used to support a broad range of community development projects both large and small that make a net positive contribution to the economic, social, recreational or environmental sustainability of the communities surrounding the Wagerup refinery.

It is the intention that the funds will be allocated to:

- (a) community organisations, initiatives, processes and activities that contribute to the local communities within the Region; and
- (b) programs and facilities that result in the following:
 - long-term sustainable outcomes for the region surrounding the Wagerup refinery, with a focus on the towns of Waroona, Lake Clifton, Preston Beach, Nanga Brook, Wagerup and Hamel;
 - enhancement of leadership, knowledge, enterprise and innovation;
 - enhanced environment; and
 - positive and stronger communities.

Projects that attract matched or partial funding will be encouraged as it is recognised that use of the Fund to leverage additional funding from the various levels of Government will be important to maximise the community's benefit.

5. ALCOA'S CONTRIBUTION TO THE FUND

- (a) Alcoa will provide an annual payment to the Fund, which shall be held in a Trust Account by the Shire. Payments will cover 17 calendar years of alumina production subject to clause 5(c). First payment into the fund will be based on the production of

2010, 2011 and 2012 calendar years and occur within 30 days of Deed and Terms of Reference being signed.

- (b) Alcoa's payment to the Fund will be based on alumina production at Alcoa's Wagerup Refinery.
- (c) The making of the payments is subject to and conditional upon Alcoa's ongoing operation of the Wagerup Refinery.
- (d) To assist in capital accumulation, an additional \$500,000 will be contributed to the Fund by Alcoa upon Works Approval and Alcoa Inc Board Approval of the Wagerup Unit 3 Expansion Project.

6. GOVERNANCE OF FUND

The Fund shall be governed as follows:

- (a) Shire will administer the Fund in accordance with the terms of the Deed of Agreement.
- (b) The intent of the Fund is to build an endowment that can be used to support larger community projects that will contribute to the sustainability of the region surrounding the Wagerup refinery.
- (c) The Advisory Committee will advise on the allocation of the funds available in its Trust Account to fund projects which benefit the area surrounding the Wagerup refinery in the Shire.

7. ESTABLISHMENT OF ADVISORY COMMITTEES

The Deed of Agreement establishing the Fund provides for the formation of the Advisory Committee.

The Advisory Committee will be:

- representative of the Region;
- unbiased in its advice and recommendations;
- equitable in its dealings and be seen by the community to be equitable in its dealings;
- capable of delivering benefits in the interest of the whole community;
- embrace diversity and innovation; and
- be committed to the long term future of the region surrounding the Wagerup refinery.

8. ROLE OF THE ADVISORY COMMITTEE

The role of the Advisory Committee is:-

- to set the objectives for, build and allocate funds from the Fund for the benefit of the local community within the framework of the Deed of Agreement;
- to review and recommend applications to Shire to receive grant funding in line with the objectives of the Fund;
- to promote the Fund throughout the region by:

- outlining the funding opportunity and emphasising the intent of the Fund; and
- facilitating increased knowledge of community development and sustainability; and
- to remain abreast of key issues and needs in the community

9. REPRESENTATION ON EACH ADVISORY COMMITTEE

The Advisory Committee will consist of six (6) members, as follows:

- two representatives of Alcoa;
- two representatives from the Shire; and
- two representatives from the community.

10. CHAIR OF ADVISORY COMMITTEE

The Advisory Committee will be chaired by a representative of the Shire.

11. NOMINATION TO ADVISORY COMMITTEE

Alcoa and the Shire will each nominate their two representatives and deputies for a two year period reaffirming them each year following annual Local Government elections

Nominations for community appointments to the Advisory Committee shall be invited by the Shire through public advertisements and by direct contact throughout the region.

Appointment of the two community representatives will be agreed between Alcoa and the Shire representatives according to the selection criteria.

12. ADVISORY COMMITTEE SELECTION CRITERIA

Community Advisory Committee representatives will be selected using the following criteria:

- Passion, enthusiasm and commitment to the objectives of the Fund;
- Skills that contribute to a well balanced Advisory Committee;
- Broad regional outlook;
- Highly respected within the community;
- Excellent community networks;
- Technical knowledge and expertise in the Fund's areas of interest;
- Demonstrated affinity to the local region surrounding Wagerup refinery;
- Good understanding of sustainable development in regional areas;
- Excellent communication skills; and
- Any other criteria which the Shire and Alcoa may deem appropriate for the time and community.

Community representatives will be selected based on the selection criteria as opposed to their place of residence. A reference check may be included as part of the selection process.

13. EXPENSES

Members will not be eligible to seek expenses from Alcoa or the Fund, incurred in attending meetings or undertaking other activities associated with the Advisory Committee.

14. TERM OF APPOINTMENT

14.1 Community Appointments

- (a) Subject to clause 14.2, appointments of community representative members will be for a two year term. Community members may be appointed for a second term.
- (b) At the end of their second term community members shall retire from the Advisory Committee and will not be eligible for nomination for reappointment for a period of two years.

14.2 Inaugural Advisory Committee

All members of the inaugural Advisory Committee shall be appointed for a first term that will expire in October 2013.

To ensure knowledge sharing and succession planning a staggering of the departure of the community representatives will occur. Following the establishment of the Advisory Committee, and before October 2013 the community representative members shall determine by ballot:-

- (a) which of them shall retire at the end of the second year, thus completing their first term; and
- (b) which of them shall retire at the end of the third year of the Fund's operation, thus completing their first term.

14.3 Vacancies

Any vacancies that arise outside of the normal nomination period will be filled utilising the nomination process specified in clause 11.

A previous nominee or member may be invited to join the Advisory Committee. In the case of community representatives, the name of the nominee will be forwarded by the Chair to the Shire and Alcoa for consideration.

15. REPLACEMENT OF ADVISORY COMMITTEE REPRESENTATIVES

15.1 Vacancies

A position on the Advisory Committee becomes vacant if a representative:-

- (a) resigns their membership of the Advisory Committee by notice in writing to the Shire CEO;
- (b) dies;
- (c) fails to attend three consecutive meetings of the Advisory Committee unless the representative has been granted leave of absence in advance by the Advisory Committee;

- (d) ceases to satisfy the eligibility criteria for membership; or
- (e) is convicted of a criminal offence.

15.2 Bringing Fund into disrepute

- (a) If the Advisory Committee considers that a member is acting, either on business of the Advisory Committee or elsewhere, in a way likely to bring the Fund into disrepute (including, without limitation by failing to comply with these Terms of Reference) it shall consult the CEO of the Shire and endeavour to agree with the Shire a course of action to investigate and resolve the issue.
- (b) If the issue has not been resolved to the satisfaction of the Advisory Committee and the Shire within 30 days of the Advisory Committee raising the issue with the CEO, then subject to clause 15.2(c), the Council of the Shire may determine to terminate the membership of the relevant member.
- (c) If the Shire believes that the behaviour of any Alcoa representative on the Advisory Committee is bringing the Fund into disrepute the CEO will consult with the Wagerup Refinery Manager to resolve the issue.

16. MEETINGS OF THE ADVISORY COMMITTEE

The Advisory Committee shall meet at least three times in the first year of operation and at least two times in any subsequent calendar year.

No business will be transacted at any meeting of an Advisory Committee unless a quorum of members is present. The quorum shall be 4 members with at least one from each membership category (ie. Alcoa, Shire and the community) Decisions of the Advisory Committee shall be made by consensus, where possible or by a majority vote. Proxy votes will not be accepted. During the decision making process and once a recommendation on grant funding to the Shire is made, all committee members will support that decision in both public and any personal communications.

17. CONFLICT OF INTEREST

Members of the Advisory Committee must make known to the Advisory Committee any affiliation they have with suppliers of goods and services to projects seeking support from the Fund, recipients of grant funds or organisations with objectives which may compete or conflict with the objectives of the Fund. Members must not accept gifts from any such suppliers, recipients or organisations.

Members must identify to the Advisory Committee any conflict or perceived conflict of interest in relation to grant applications. Members who have a financial interest in relation to a grant application shall absent themselves from discussion and abstain from voting on that application. Members who have identified a perceived conflict of interest shall be able to vote where agreed by the Advisory Committee. All such declarations of conflict of interest shall be recorded in the minutes of the meeting.

In particular, members of an Advisory Committee must report when they have a direct or indirect (eg through a relative) association or pecuniary interest in any organisation seeking a grant from the Fund.

The criteria used for elected members of council as outlined in the Local Government Act 1995 regarding “financial interests” and “interests affecting impartiality” will be used by the Advisory Committee in determining conflict of interest.

18. CODE OF CONDUCT¹

In relation to membership of the Advisory Committee, Advisory Committee members must:

- behave honestly and with integrity;
- act with care and diligence ;
- treat everyone with respect and courtesy and without harassment;
- comply with all applicable Australian laws;
- keep any confidential issues, confidential;
- disclose, and take reasonable steps to avoid, any conflict of interest (real or apparent);
- not make improper use of inside information;
- not use membership of the Advisory Committee in order to gain, or seek to gain, a benefit or advantage for themselves or for any other person; and
- at all times behave in a way that upholds the values and the integrity and good reputation of the Fund.

19. FUNDRAISING

The Fund has been established by Alcoa and the Shire and is to solely be funded by Alcoa.

20. ALLOCATION TO PROJECTS

The Fund is generally to be used for one off, innovative, larger community development type projects that make a net positive contribution to the sustainability of the region surrounding the Wagerup refinery. The Advisory Committee will recommend whether individual projects satisfy the Fund objectives (clause 4).

The Advisory Committee shall, at the start of a new funding year, aim to identify:

- (a) important activities for that year;
- (b) the grant funding to be allocated;
- (c) the maximum and minimum grants which it recommends be allocated in that grant year;
- (d) the maximum period for which grants may be awarded; and
- (e) a timetable for meetings to discuss applications and recommend allocations.

The capital and income of the Fund must be used for charitable or not for profit community purposes. It is intended and recognised that the Fund may support community initiatives that partner with the various levels of Local, State & Federal Government but not be a replacement fund for activities that are the core responsibility of these levels of Government.

¹ The code of conduct has been adapted from the Australian Public Service Code of Conduct

An application by the Shire for support from the Fund which otherwise meets the eligibility criteria set out in these Terms of Reference may be granted where the following requirements are satisfied:

- the funding must be sought in partnership with not for profit community groups with a clear benefit to the community groups demonstrated; and
- that the Advisory Committee believes that a sufficient level of funding mix, cash and in kind, from the Shire, State Government, Federal Government or the community groups associated with the application is proposed or has been achieved to warrant support from the Alcoa Waroona Sustainability Fund

The Advisory Committee is to consider how to maximise the capital of the Fund by identifying opportunities to:

- match with government funds; and
- fund additional elements of projects funded by other agencies where there is likely to be significant benefit from the additional elements.

21. COMMUNITY AND CHARITABLE PURPOSES

Pursuant to the Deed of Agreement the Fund can only make contributions for community and charitable purposes.

Examples of purposes that are acceptable for the Fund to support include (but are not limited to):

- community services that provide food, home visits and assistance with shopping for the elderly and infirm;
- home maintenance services for the elderly and frail;
- health education bodies, for first aid and resuscitation;
- Landcare groups and other greening organisations involved in tree-planting and revegetation;
- family support services;
- youth development programs, for example Scouts, Brownies and Guides;
- sporting, recreational or social activities benefiting the broader community;
- public art galleries, libraries and museums.

Purposes which are not regarded as acceptable are those:

- primarily for political, lobbying or promotional purposes;
- primarily for religious purposes;
- illegal or against public policy;
- primarily for carrying on a commercial enterprise to generate surpluses;
- for-profit entities that sell religious books, artefacts and other materials.

The Advisory Committee must have regard to the grant assessment guidelines set out in Annexure A when assessing applications for funding.

As new community needs arise these can be reviewed and discussed by the Advisory Committee. Only Alcoa and the Shire by mutual agreement may vary the agreed community or charitable purposes of the Fund.

22. REVIEW

Alcoa and the Shire of Waroona will meet every 5 years to consider the need for an independent review of the Alcoa Waroona Sustainability Fund performance against the Permitted Purpose.

Should either party believe such a review is required it will be done on the following terms:

- Costs of the review will be met from the Fund account.
- The Shire and Alcoa will coordinate this review and a report will be prepared for the Advisory Committee, the Shire and Alcoa.

23. APPLICATION AND GRANT PROCEDURES

The establishment and implementation of the grant process will require the development of a precise procedure. The Advisory Committee will be guided by, and supported by, the Shire in the development of this procedure. The following section sets out a basic process:

Specific tasks the Advisory Committee will undertake include:

- recommend grant round dates and frequency to Shire;
- decide on policies regarding size and recurrent funding options;
- decide on selection criteria for grant rounds (within the framework of these Terms of Reference) and advise Shire;
- launch fund round through advertisements, media etc with Shire support;
- prepare summary schedule;
- rank applications;
- recommend grant recipients and give justification for recommendation; and
- organise celebratory event in liaison with Shire.

Specific tasks to be undertaken by Shire include:

- make presentations at information sessions for the Fund when appropriate;
- prepare and provide a grant guideline and grant application form;
- receipt and record of all applications;
- announcement of grant rounds;
- assessment of recommended applications from the Advisory Committee;
- complete due diligence on eligibility and suitability of applications;
- approve funding to recommended applications if in accordance with the terms of the Fund;

- notify the Advisory Committee if the grant funding has been approved;
- letters to successful and unsuccessful applicants;
- issue grant cheques;
- collate grant reports; and
- manage grant acquittals.

Annexure A : Grant Assessment Guidelines

The following initial criteria are **positive** elements in considering an application.

- A recognised target audience is involved.
- The group or activity has relevance to the Fund objectives
- The applicants are showing initiative in self-help.
- The applicant is an incorporated organisation.
- Alcoa will benefit from public recognition.
- The support may attract other funding, eg from government sources.
- The funds will be used promptly, for a defined purpose.

The following criteria are **negative** elements in considering an application.

- The activity is political or sectarian in nature.
- The funds are sought for an individual.
- The funds are sought for interstate or overseas travel.
- The activity is commercial in nature.
- There is an expectation of an ongoing commitment for an undefined period.
- The request involves prize money for professional sport.
- A dangerous activity is involved.
- The request is in the form of a circular or form letter or general appeal.
- The proposed use of the funds is not defined.
- Some form of gender, racial or other discrimination is involved.
- There is likely to be a flow-on of "me too" requests.