

GRI: ECONOMIC

ECONOMIC PERFORMANCE

G4- EC1 Direct Economic value generated and distributed.

Overview

The direct economic value generated and distributed by Origin in FY 2014 is \$14,969 million.

Related topics

[Our Company](#)

[Society](#)

Detailed response

One of the key principles which guide decision making at Origin is the value we distribute to stakeholders. We strive to grow our business and share this value sustainably with all stakeholders.

We create significant value through our operations and energy developments. This is represented in the form of interest and dividend payments to our capital providers, employee wages, taxes and royalties to state and federal

governments, as well as initiatives that support the communities in which we operate.

The value distribution calculation and commentary is based on the income and expenses reported in the Income Statement of Origin Energy Limited. In FY 2014, we distributed \$15.0 billion to our stakeholders, a 3 per cent decrease on the prior year. A total of \$1.1 billion was distributed to our capital providers through interest expense and dividends.

We also distribute value to employees through wages and other benefits. During the year this increased by 4.7 per cent to \$783 million. We met our annual safety performance target and as a result, eligible employees were awarded with up to \$1,000 worth of Origin shares. Royalties and tax expenses totalled \$299 million, a significant increase of \$167 million on the prior year. This is primarily driven by the 40 per cent increase in statutory profit to \$530 million and corresponding increase in the current income tax expense of \$153 million to \$210 million.

This year we also distributed \$7.0 million to communities as defined by the methodology of the London Benchmarking Group. This expenditure represents various community investment programs, charitable donations, as well as grants provided by the Origin Foundation. In FY 2014, our community investment programs included the Community Skills Scholarship program, the Roma Community Housing Initiative and the Roma Community Hub.

The Origin Foundation, the philanthropic arm of Origin, provides grants to education-related activities, as well as matching donations made by Origin employees. Approximately 50 per cent of the \$7.0 million was awarded through the Foundation, as well as matched donations by employees under the Give2 program.

Economic value distributed (\$m)	2014	2013
Net Expenses (excluding stakeholders' payments) ⁽¹⁾	12,061	12,695
Depreciation and amortisation	732	695
Total operating costs	12,793	13,390
Employee wages and benefits net of taxes	783	748
Interest expense ⁽²⁾	453	468
Dividends paid to shareholders	634	610
Total payments to providers of capital	1,087	1,078
Current income tax expense ^(3,4)	210	57
Royalties to government	39	29
Other taxes	50	46
Total payments to government	299	132
Community investments ⁽⁵⁾	7	6
Total community contributions	7	6
Economic value distributed	14,969	15,354

(1) Excludes capital expenditure.

(2) Excludes capitalised interest.

(3) Income tax includes only current income tax expense. GST and deferred taxes are excluded.

(4) Includes all subsidiaries in Australia and overseas.

(5) Community investment totals \$6.7 million in FY 2014 and \$5.6 million in FY 2013. Rounded to the nearest million.

G4-EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change.

Overview

Origin has formed its business strategy by taking into account worldwide trends in energy development and energy use, and recognises a number of risks and opportunities associated with climate change.

Related Material Aspect

[CSG as a cleaner fuel](#)

[Emissions](#)

Related topics

[Environment](#)

[Society](#)

[Natural Gas](#)

Detailed response

Origin's strategy incorporates climate change risks and opportunities as follows.

Current and future climate change adaptation, whether in mature or emerging markets, informs Origin's strategy as to for the beneficiation of fuel types, for the generation of various forms of energy (including baseload and intermittent renewables), and for the wholesale and retail energy product offerings devised. Current and future climate change adaptation, including the variations in different countries and markets, informs the way Origin connects fuel, power generation and retail strategies across the countries in which the company plays an energy market role.

The introduction of climate change policies has a direct impact upon Origin's business. Origin's strategy is to remain engaged in the regulatory environment and to contribute to public policy development and regulatory debate. Where relevant, Origin advocates for broad regulatory reforms that balance the operational requirements of the company with industry positioning that supports the sustainability of the energy sector. Origin reviews and adapts its strategies in response to global positions on climate change, including regulatory changes in the US and Europe, understanding international regulatory change may impact local policy positions. Group strategy is set by the Executive Management Team and the Board. Group actions taken on risks and opportunities are formulated to maintain or improve the most advantageous options available to the company.

Origin's Corporate Strategy team and a range of supporting functions and committees work on the long-term company strategy. The Corporate Strategy team assesses, monitors and makes proposals on strategic aspects which may include investments in certain fuel types, expanding generation assets, and a range of other acquisition opportunities, all of which have some element of climate change and low carbon energy source considerations integrated into the decision making process.

Operational Risks and Opportunities are addressed via annual, mid-term and longer-term emissions reduction initiatives in each business unit. Operational opportunities include innovative energy generation design facilities, the adaptation of new technology for energy generation efficiency, and research and development in new fuel, generation and distribution technology.

The Company reviews constantly for risks and opportunities (other than regulatory or physical) that might affect the sustainability of Origin's business. These include public perceptions and expectations, including those manifested among retail customers, and in communities near Origin's upstream or generation operations.

To read our full CDP Carbon submission, click [here](#).

INDIRECT ECONOMIC IMPACTS

G4-EC7 Development and impact of infrastructure investments and services provided.

Overview

The Australia Pacific LNG project, in which Origin has a 37.5 per cent interest and is the upstream operator, is the largest project in which the Company is currently involved. It also represents our largest investment in infrastructure and services.

At the end of FY 2014, Origin on behalf of Australia Pacific LNG had committed approximately \$124 million in infrastructure and services provided in the upstream region of Toowoomba, Western Downs, Banana Shire and Maranoa, including initiatives required as part of conditions of approval of the project's Environmental Impact Statement.

Related Material Aspect

[Sharing Economic Benefits](#)

[Impact on communities](#)

Related topics

[Society](#)

[Communities](#)

Detailed response

The following table outlines Origin's investments at the end of FY 2014, including their respective value.

Investment	Value	Description
Infrastructure		
Roma Airport Upgrade	\$1,500,000	The Roma airport was upgraded to cater for increasing travel to the region and reduce road traffic, contributing to safer travel.
Miles Aerodrome upgrade	\$20,000,000	Origin on behalf of Australia Pacific LNG upgraded the Miles Aerodrome to enable larger aircraft to land.
Miles water and sewerage upgrade	\$1,290,000	Funding to support the Western Downs Regional Council increase the water and sewerage network capacity in Miles, as part of the Queensland Government Royalties for the Regions program.
Roma sewerage upgrade	\$1,500,000	Funding to support the Maranoa Regional Council to increase capacity of the sewerage treatment facility, enabling private housing development, as part of the Queensland Government Royalties for the Regions program.
Roma Community Hub	\$500,000	The Hub will provide a one-stop-shop for delivery of community services currently provided via different locations, enhancing quality and efficiency of services to the growing population.
Chinchilla Community Kindergarten	\$400,000	This funding contributed to the relocation and expansion of the Chinchilla Community Kindergarten, doubling its capacity for 2014 to meet growing demand.
Miles Affordable Housing Project	\$2,050,000	Program partner, Horizon Housing, completed the development of nine homes in March 2013, which were rented and sold at affordable rates to local residents.
Roma Affordable housing Project	\$1,750,000	Program partner, Horizon Housing, will develop up to 18 affordable dwellings in Roma over two phases, also supported by Maranoa Regional Council.
Miles Trade Training Centre	\$113,000	The Project provided financial support for the fit-out of the Training Centre as part of its workforce and training strategies to enhance industry related skills development.
Queensland Fire & Emergency Services communications enhancement	\$100,000	Installation of communications equipment to enhance "black spots" in the emergency services network across Roma, Injune, Taroom, Wandoan and Mitchell.
Roma Parenting Van	\$95,000	The mobile parenting space provides a clean and safe room for parenting for use at shows and events throughout the Maranoa Region.
Taroom Weed Wash Down Facility	\$400,000	Co-funded with Banana Shire Council the upgrade of the Taroom weed wash down facility aims to prevent the spread of weeds from vehicles.
Road infrastructure agreements	\$90,000,000	Australia Pacific LNG has entered into agreements with local and state governments to upgrade and maintain roads affected by our activities.
Services supported		
CSG School Program (QMEA)	\$250,000	The program aimed to educate high school students about CSG-related engineering opportunities by promoting relevant subjects within the curriculum.
Careers in Gas website	\$40,000	This jointly funded website aims to provide a single portal to advertise jobs in the gas fields region and the CSG/LNG industry.
Housing Case Management	\$150,000	This funded Housing Officers at Murilla Community Centre in Miles and Chinchilla Family Support Centre.
WDRC Town Planning Support	\$260,000	This funded an engineer to work for two years with WDRC to assist with town planning and timely approval of development applications linked to population growth.
Rent Connect Officer	\$65,000	Funding for a Housing Officer to work across Murilla Community Centre Miles and Chinchilla Family Support Centre to address rental affordability issues.
Count Me In (YMCA)	\$200,000	Identifying females in the Surat Basin willing to work but currently outside of the workforce, identifying barriers to employment, and providing targeted training.
I CAN Indigenous schools retention program	Up to \$600,000	An Indigenous school student retention program run across the gas fields in partnership with the community development arm (Titans 4 Tomorrow) of the NRL's Gold Coast franchise.
Rent Subsidy - Miles	\$72,000	A short-term initiative to subsidise rent for participating properties while market rents were impacted by high demand.
Miles Ahead	\$240,000	This program provides support to assist local businesses capitalise on opportunities flowing on from the CSG industry.
REMPAN funding for RDA	\$25,000	The Project provided financial support to Regional Development Australia (RDA) to access REMPLAN data to assist Local Government in forward planning.
Community Support Program	\$225,000	This program provides support to community centres in Miles and Chinchilla to cater for an increased demand in services during the Project's period of peak impact.
Education Qld Schools Program	\$100,000	This jointly funded program aims to build local workforce capacity by enhancing student interest in science, mathematics, engineering and technology in 41 schools across the Surat Basin.
NGO Capacity Building Program	\$188,000	Targeting community centres in Chinchilla, Miles, Dalby and Tara, the program aims to build capacity in the areas of governance and funding sustainability.
Community Skills Scholarship (CSS)	\$1,800,000 committed to December 2013	CSS provides up to \$13,500 to apprentices within the gas fields region to help them complete their apprenticeships locally.
CARS (Caring About Road Safety)	\$160,000 to December 2013	Developed in response to local concerns and delivered in partnership with the RACQ, the CARS program equips new drivers with safe driving strategies.

PROCUREMENT PRACTICES

G4-EC9 Amount spent on local goods and services.

Response

The Australia Pacific LNG project, in which Origin has a 37.5 per cent interest and is the upstream operator, is the largest project in which the Company is currently involved.

At 30 June 2014, expenditure on the Australia Pacific LNG project had reached \$21.0 billion. A significant proportion of Australia Pacific LNG's expenditure has been incurred on goods and services in Australia.

Related Material Aspect

[Sharing Economic Benefits](#)

Related topics

[Society](#)

RESERVES

G4-OG1 Volume and type of estimated proved reserves and production.

Overview

As the Upstream operator of the Australia Pacific LNG project, together with Origin's own

existing gas operations, Origin has significant capabilities in natural gas production and has a substantial reserves position in the Asia Pacific region with 6,473 PJe of 2P reserves.⁽⁶⁾

Related Material Aspect

[Future energy solutions](#)

Related topics

[Natural Gas](#)

Detailed response

The table below reconciles the 2P reserves reported at 30 June 2014.

Reserves (2P) by area (PJe)	2P 30/06/13	Acquisition/ Divestment	New Booking/ Discovery	Production	Revisions/ Extensions	2P 30/06/14
Australia Pacific LNG						
Surat/Bowen (Unconventional)	5,006	3	–	(46)	312	5,276
Denison	12	–	–	(0)	(3)	9
Cooper Basin						
SA Cooper Basin	233	–	–	(12)	(7)	214
SWQ Cooper Basin	67	–	–	(6)	(4)	58
Other Onshore Australia						
Western Australia	27	–	–	(3)	0	23
Surat Basin	0	–	–	(0)	(0)	0
Ironbark (Unconventional)	165	–	–	–	94	259
Australia Offshore						
Otway Basin	337	–	33	(46)	–	325
Bass Basin	144	–	–	(10)	(5)	129
New Zealand						
Onshore Taranaki	20	–	–	(1)	(9)	10
Offshore Taranaki (Kupe)	189	–	–	(19)	–	170
Total	6,201	3	33	(142)	378	6,473

Origin holds a 37.5 per cent shareholding in Australia Pacific LNG which owns extensive CSG reserves, predominantly in the Surat and Bowen basins in Queensland. Australia Pacific LNG has the largest 2P CSG reserves position⁽⁶⁾ in Australia of 14,091 PJe⁽⁷⁾ and is developing a large-scale CSG to LNG project that has a nameplate capacity of 9 million tonnes of LNG each year for export to supply the growing demand in Asia under long term supply contracts.

As the Upstream operator of the Australia Pacific LNG project, together with Origin's own existing gas operations, Origin has significant capabilities in natural gas production and has a substantial reserves position in the Asia Pacific region with 6,473 PJe of 2P reserves.⁽⁸⁾

During the year, significant changes were recorded in the following areas:

- APLNG – 2P reserves increased by 266 PJe (to 5,284 PJe) with 309 PJe for revisions and extension, 3 PJe for an acquisition and 46 PJe of production.

- Cooper Basin – 2P reserves decreased by 29 PJe (to 272 PJe) based on an 11 PJe change due to revised field development plans and 18 PJe of production.
- Ironbark (ATP788P) – 2P reserves increased by 94 PJe (to 259 PJe) based on positive drilling results during the year. Additionally, 3P reserves decreased by 13 PJe (to 869 PJe) and 2C contingent resources increased by 10 PJe (to 38 PJe).
- Otway Basin – 2P reserves decreased by 12 PJe (to 325 PJe) due to a 33 PJe new booking to Halladale as the project matures and 46 PJe of production.

Minor revisions to reserves occurred in other areas as additional data and technical studies are incorporated into forward estimates. Around 86 per cent of 2P reserves are unconventional.

For further information refer to Origin's [Annual Reserves Report](#) for the year ended 30 June 2014, announced on 31 July 2014.

(6) EnergyQuest, May 2014.

(7) At 30 June 2014. For further information refer to Origin's Annual Reserves Report for the year ended 30 June 2014, announced on 31 July 2014. Also refer to the Important Information on reserves and resources disclosed on page 9 of Origin's 2014 Annual Report.

(8) At 30 June 2014. Including hydrocarbon liquids. Includes Origin's 37.5 per cent share of Australia Pacific LNG.