

**Woodside Response to the Parliamentary Inquiry into FLNG – Request for Additional Information (18 December 2013)**

***Q.1 The Committee understands that Woodside is currently in the BOD phase of a Browse FLNG facility. However, the Committee also understands that Woodside undertook considerable pre-FEED work on the option of developing Browse using onshore processing at James Price Point. Given this, the Committee asks that Woodside provide this information in relation to the pre-qualification and tendering for local companies during the previous cost estimating phase for the James Price Point option.***

A.1 The James Price Point development was at the stage of a Final Investment Decision (FID), as such the pre-qualification and tendering process for local companies had only just commenced.

Contract documents related to the James Price Point development concept specified that a Contractor was required to prepare and submit an Australian Industry Participation Plan (AIPP) to meet the objectives of Woodside's Local Industry Participation Policy (Attachment 1) and comply with the Local Content obligations.

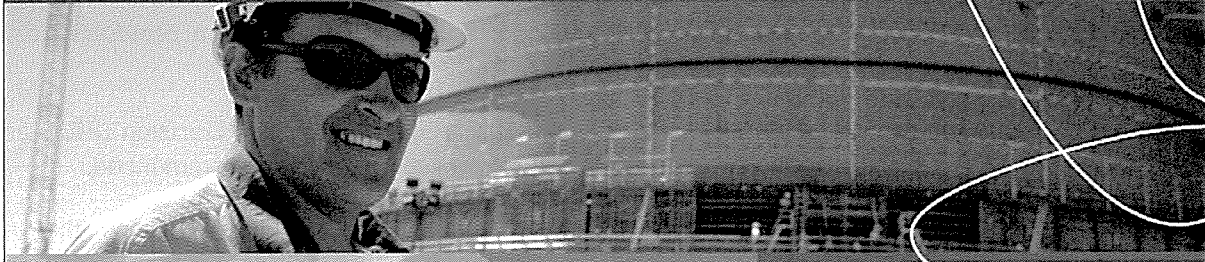
If the James Price Point development had proceeded, the Contractor would have been required to demonstrate and provide sufficient documentation, on request, that they have given Australian industry a full, fair, and reasonable opportunity to participate in the Project, defined as:

- **Full:** Australian industry has the same opportunity afforded to other global supply chain partners to participate in all aspects of an investment project (e.g. design, engineering, project management, professional services, IT architecture);
- **Fair:** Australian industry is provided the same opportunity as global suppliers to compete on investment projects on an equal and transparent basis, including being given reasonable time in which to tender; and
- **Reasonable:** tenders are free from non-market burdens that might rule out Australian industry and are structured in such a way as to provide Australian industries the opportunity to participate in investment projects.

Woodside also enlisted the assistance of ICNWA to fully maximise opportunities for Australian companies to participate in the development of the James Price Point development concept. As a result, in selecting subcontractors, Contractors were also required to refer to the Industry Capability Network of Western Australia (ICNWA) for advice on local Australian industry capability and capacity.

Upon consultation with the ICNWA, contractors are advised which scopes of work should be advertised on ProjectConnect seeking Australian vendor expressions of Interest. ProjectConnect, is an online vendor management system which seeks documented expressions of interest from capable Australian vendors and then utilises the ICNWA to short list and recommend vendors for pre-qualification and tendering consideration. Australian industry participation in recent LNG Mega Projects is available on the ProjectConnect website: [www.projectconnect.com.au](http://www.projectconnect.com.au)

# local industry participation policy



## objectives

We provide full, fair and reasonable opportunity for local industry to contribute to Woodside activities and we maximise local industry participation where it is capable and competitive on the basis of health, safety and environment, quality, cost and delivery

## strategy

To implement this policy we

- Demonstrate a systematic approach to industry participation management to ensure compliance with this policy and to achieve continuous performance improvement. This is achieved through the development of industry participation plans and implementation reports across our activities.
- Include in industry participation plans a communication plan to ensure that local industry and stakeholders are informed as early as possible with respect to upcoming work and progress against the industry participation plans.
- Set and regularly review local industry participation objectives and estimates for maximum achievable, tendered and awarded work.
- Ensure that local capabilities are considered when planning work scopes so as to enhance local industry participation opportunities without compromising competitiveness and project viability.
- Encourage local industry and require our contractors to provide training and development opportunities to the local workforce to ensure international competitiveness and quality standards.
- Provide full and fair opportunity to all local industry regardless of race, tribe, colour, gender, religious beliefs or political association.
- Require Woodside's major contractors and subcontractors to prepare and comply with industry participation plans in line with Woodside projects, assets or service group industry participation plans.
- Give preference to tenderers which use the greatest local content in labour and materials, where tenders are equally competitive and technically acceptable.
- Work with government, industry representative bodies and communities to improve local industry participation, capability and competitiveness.
- Provide information on Woodside's global activities to allow local industries to assess their capability to compete on overseas opportunities.

## application

This policy applies in all countries in which Woodside operates.

Country specific policies and strategies suitable for local conditions are developed in compliance with this overarching Woodside Local Industry Participation Policy, taking into consideration all legal and regulatory requirements. We encourage our contractors to seek partnerships with local industry.

The Chief Executive Officer of Woodside Energy Ltd. is accountable to the Woodside Board for ensuring that this policy is implemented. This policy is reviewed every three years.

This policy applies to all personnel, contractors and joint ventures engaged in activities under Woodside's operational control. Woodside managers use their influence to promote this policy in non-operated ventures.