



Government of Western Australia
Department of State Development

Your ref: Petition No 67
Our ref: S0559/201104
Enquiries:
Email:

Hon Simon O'Brien MLC
Chairman
Parliament House
PERTH WA 6000

Dear Mr O'Brien

I refer to your letter of 9 December 2014, addressed to Dylan Lipinski at the Department of State Development, seeking information further to the Ministers letter of 17 November 2014, regarding the Gorgon Local Content Steering Committee.

Please find below a collated response in reply to the questions contained in the letter:

- **The Committee's establishment and membership – when the Committee was established and details of its membership at that time (name, position and organisation)**

The Gorgon Local Content Steering Committee (Committee) was established by the Hon. Clive Brown MLA, the then Minister for State Development, subject to the Gallop Government's, "Building Local Industry" policy (Media Statement dated 16 April 2004), which sought to maximise local industry participation in major government and private sector projects. The first Committee meeting was held on 13 May 2004.

The membership at that time was:

Name	Position	Organisation
Ross Marshall	Chairman	Department of Industry and Resources (DOIR)
Lorna Fitzgerald	Executive Officer	DOIR
Steve Arnott	Member	DOIR
Stephen Grocott	Member	DOIR
John Devereux	Member	AusIndustry

- **The Committee's current structure and membership is:**

Name	Position	Organisation
Dylan Lipinski	Chairman	Department of State Development (DSD)
Ian Allison	Executive Officer	DSD
Steve Cosgrove	Member	DSD
John O'Hare	Member	Department of Commerce (DoC)
Sandra Daly	Member	DoC
Peter Cox	Member	DoC
Richard Swarbrick	Member	Department of Industry and Science (cwth)

- **The Committee's Terms of Reference**

The Committee's functions are to:

- Coordinate the State's response to local content issues with the Gorgon Gas Project.
- Review the local content reports submitted under Clause 15 of the Gorgon Gas Processing and Infrastructure Agreement (Agreement).
- Assist in identifying potential opportunities for locally based businesses arising from the Project and barriers to their participation and to refer those opportunities and barriers to the relevant Government Ministers and Government departments for review and appropriate action.
- Review the Joint Venturers' proposed procurement activities and assist them in maximising the level of local content by referring the Joint Venturers to the relevant organisations.

- **Committee Activities**

- **How does the Committee measure local content?**

Local content is measured in accordance with, and in consideration of the Local Services, Labour and Materials Development Proposal which was submitted by the GJV in accordance with Clause 7(1)(e) of the Agreement and was approved by the Minister for State Development subject to Clause 8(1) of the Agreement on 14 September 2009.

The Development Proposal is commercial in confidence, however, local content is measured in terms of the value of work that has been identified as being carried out by local business compared to the total contract costs. This is determined in consideration of the actual source of supply, where manufacturing occurred, the location in which labour services are conducted, and where value adding takes place.

- **How does the Committee evaluate whether the GJV are meeting their commitments?**

The GJV's compliance with their obligation is evaluated through the Committee's review of the quarterly reports that are provided to the State Agreement Minister subject to Clause 15(3) of the Agreement. Additionally, the GJV representatives, including at least one senior member of the GJV procurement team, are invited to attend the Committee meetings to answer questions relating to the report and local content matters. Furthermore, the Committee may also post out of session questions to the GJV, seeking clarification and explanations on local content, reporting, or other relevant information.

- **What other functions does the Committee have in addition to monitoring local content?**

The Committee also undertakes the following:

- Promoting the Local Industry Participation Framework, announced by the Hon. Simon O'Brien MLC, Minister for Commerce on 1 July 2011, which complements the Local Content Policy in maximising the opportunity for local business and employment.
- Seeks other information associated with the Project that may be relevant to the Committee, such as the provision of progress reports or the expansion of the project to a 4th train.

- **Enforcement – if local content objectives are not being achieved, who enforces the requirements of the Gorgon Gas Processing and Infrastructure Agreement?**
The Committee may establish working groups to address particular issues of relevance or concern, to seek expert advice to verify information supplied by the Joint Venturers, and to resolve disputes. If the matter cannot be resolved by the committee, the intervention of the Director General or the Minister, the issue may be addressed through Arbitration, in accordance with Clause 30 of the Agreement.

Yours sincerely

Stephen Wood
DIRECTOR GENERAL

/s/ February 2015