

**Senate Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry, Tourism and Resources Portfolio  
Additional Estimates 2005-2006, 16 February 2006

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**AGENCY/DEPARTMENT:** DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES  
**TOPIC:** AUSTRALIAN PARTICIPATION IN NORTH WEST SHELF AND DARWIN LNG PROJECTS  
**REFERENCE:** HANSARD 16/02/06, PAGE E83

**QUESTION No.AI-6**  
(Hansard 16/02/06, p.E83)

**Senator O'Brien** asked about:

- a) Given that an objective of the Liquefied Natural Gas (LNG) Action Agenda is to maximise Australian participation in LNG projects, what proportion of the North West Shelf and Darwin LNG plants' construction was undertaken by Australian residents?
- b) What proportion of those plants' operations are undertaken by resident Australians?
- c) What proportion of the North West Shelf LNG transportation is undertaken by resident Australians?
- d) What proportion of the Darwin LNG transportation is undertaken by resident Australians?

**ANSWER**

**Australian Industry Participation**

In 2001 the Australian Government, state and territory industry Ministers signed the Australian Industry Participation National (AIP) Framework Agreement. They agreed to adopt a uniform national approach to major investment projects. The AIP Framework aims to promote Australian capability and increase opportunity for Australian industry, especially small to medium enterprises, to participate in major projects in Australia and overseas.

The focus of the AIP is on providing Australian companies with full, fair and reasonable opportunities to be involved in major projects. AIP policy and initiatives do not mandate that major developers must award specific contracts or levels of contracts to Australian companies. To do so would be in breach of Australia's international commitments under Free Trade Agreements and World Trade Organization obligations.

**North West Shelf**

Woodside Energy Ltd, as the operator of the North West Shelf project, has provided the following Australian industry participation information in relation to Phase IV and Phase V. Information from various sources on local content with regard to the North West Shelf project phases I-III has been previously available to the Parliament – see the 1998 House of Representatives Report “A sea of indifference – Australian industry participation in the North West Shelf project”.

- The Woodside-operated North West Shelf Venture (NWSV) is Australia's largest resource project with investment in onshore and offshore oil and gas facilities totalling more than A\$19 billion.
- The NWSV accounts for more than 40 per cent of Australia's oil and gas production and is a major producer of LNG, natural gas, liquid petroleum gas (LPG), condensate and crude oil. In 2005 the NWSV achieved sales of A\$10.5 billion, up 37.5 per cent on the previous year.
- The NWSV is committed to maximising opportunities for Australian businesses and workers in its projects. However, striking the right balance between achieving project competitiveness and maximising the flow-on of work to Australian industry will always be a critical issue in development planning for the project.

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- For the Phase IV expansion completed in 2004, the NWSV achieved a local content level of 72 per cent (A\$1.1 billion) on the A\$1.6 billion project. This also equalled about 90 per cent of the maximum local content achievable.
- About 55 per cent (more than A\$1.1 billion) of expenditure from the current Phase V expansion project is currently expected to flow to Australian industry. This represents about 90 per cent of the total content that Australian industry is capable of achieving.
- The NWSV has an annual operating expenditure of about A\$300 million of which approximately 80 per cent flows to local providers.
- The NWSV contributed about A\$1.2 billion in 2005 to the community in royalties and oil excises alone.
- About 1,000 people are employed at the NWSV's onshore and offshore operations.
- The project currently utilises a core fleet of nine LNG bulk carriers for the transportation of LNG to customer's terminals, predominantly in Japan and Korea. Seven of these vessels are owned by the NWSV participants and the remaining two are long-term chartered from Japanese owners. Of the NWSV owned ships, four are Australian flagged and Australian crewed by about 180 employees.

**Darwin LNG**

ConocoPhillips Pty Ltd, as operator of Darwin LNG Pty Ltd, has provided the following information for the Darwin LNG project.

- By value, Australian content is approximately 60 per cent.
- Of the plant direct operational personnel, 96 per cent are Australians.
- Of craftsmen, 100 per cent are Australians and New Zealanders.
  - If the manual workforce is included then the estimate is about 95 per cent Australian.
- LNG shipping is the contractual responsibility of the buyers. ConocoPhillips does not hold the information but estimates that there would be no Australian providers.
- There are three tugs that support LNG shipping and they are Australian crewed, but ConocoPhillips does not have access to the numbers.