Local Content Report

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1. Introduction

The Western Australian Government welcomes investment in mining and energy for the benefits it brings to the community. The resource sector has been the most important driver of Western Australia’s strong economic growth over the past ten years. Resource development contributes directly to economic activity through exports and investment in new capacity, and delivers benefits to the broader community through taxes, royalties, infrastructure, regional development and demand for goods and services during both the construction and operation of projects.

Local industry participation is an important component of the resource industry’s contribution to the State’s economy. In the past, a large proportion of the goods and services used by resource projects were sourced locally. While this is still true for many types of project and purchases, changing market conditions mean that local content levels are falling in some areas, affecting steel fabrication and engineering and design in particular.

The State Government acknowledged this trend in November 2010 when the then Minister for Science and Innovation announced a review of the Government’s approach to local content. Since then, the Government has consulted stakeholders about the changes in market conditions and measures it could adopt to improve local businesses’ access to the opportunities arising from resource project development.

This paper describes the factors causing changes in Western Australia’s local content levels, and reviews existing State, national and international policies on local content.

2. Current context

2.1 Resource Projects

Western Australia’s sustained economic growth throughout the global financial crisis, and resource-related economic activity is already picking up as the world economy recovers.

The value of production by the State’s resources industry increased by almost 50% between 2009 and 2010, to reach $91.6 billion. Increasing prices of iron ore, energy and gold were the main drivers of this growth.
Major resource projects have driven business investment in Western Australia over the last five years. Business investment more than doubled (122%) to $45 billion in real terms between 2004-05 and 2009-10 and is forecast to rise to $62 billion in 2013-14.

The Gorgon Joint Venture is a $43 billion liquefied natural gas (LNG) development, off the north-west coast of Western Australia. It is a joint venture to develop the Greater Gorgon Area gas fields, located approximately 30km off the north-west coast of Western Australia and is the nation’s largest undeveloped gas resource. The gas processing part of the project is located on Barrow Island, 70km off Western Australia’s Pilbara coast.

Construction work is under way and first production is anticipated in 2014 with delivery of domestic gas by the end of 2015.
The Browse LNG Precinct in the Kimberley is a State Government development to enable processing of natural gas from the offshore Browse basin. With an expected capital expenditure of $30 billion and the creation of 6000 – 7000 jobs during peak construction and initially 300 – 400 operational jobs the project will provide significant benefits to the state.

BHP operates seven iron ore mine sites including one of the largest single-pit, open-cut ore mines in the world.

BHP’s $4.8 billion Rapid Growth Project 5 will further increase installed capacity at its Western Australia Iron Ore operations by 50 million tonnes to 205 million tonnes per annum (Mtpa) during 2011. This will include the duplication of the railway track between the Yandi mine and Port Hedland and expansion of the inner harbour at Port Hedland.

BHP’s $2.14 billion Rapid Growth Project 6 has been approved for development and is expected to increase production capacity to 240 Mtpa during 2013.

BHP will soon reach capacity in their Inner Harbour operations and as a result are fast tracking development plans for the Outer Harbour Project. The development of the Outer Harbour will involve significant dredging; the construction of port facilities; and rail and road infrastructure. This project is expected to add 240 Mtpa to BHP’s Port Hedland capacity. BHP Iron Ore has reserves for at least another 30 years and additional resources for future development.

Rio Tinto is the largest iron ore producer in the Pilbara region including joint venture partnerships with other companies. Operations comprise of 13 mines, three shipping terminals at two ports and a rail network spanning almost 1,400km.

Rio Tinto is expected to invest approximately $3.9 billion towards port expansions at Cape Lambert to increase shipping capacity from 85 Mtpa to 185 Mtpa by 2016, taking its total capacity in the Pilbara to 320 Mtpa. This investment also includes upgrades to the railways under the Robe and Hamersley State Agreements.

Rio Tinto is investing in more sustainable power generation and transmission infrastructure near Karratha worth $538 million to supply electricity to its port and mine operations. It will use natural gas turbines, resulting in a significant reduction in emission rates compared with the two, steam power stations currently in operation at the Cape Lambert and Dampier ports, which will be decommissioned. The four gas turbines are being commissioned and will come on-line progressively during 2010.

These are some of the internationally significant projects occurring in Western Australia and represent a significant step in Western Australia’s economic development. The State Government is working hard to secure
projects with the potential to deliver benefits to Western Australia through exports, infrastructure development, employment, local business opportunities, regional development and government revenue to support social spending.

2.2 Reduced Levels of Local Content

Western Australia's manufacturing and service industries have historically enjoyed high levels of natural protection through a combination of physical isolation, transport costs, construction and fabrication technology focused on supplying local projects, and lack of regional competition. Project proponents tended to use local design, procurement and contract managers. Consequently, local industry could assume that a large proportion of the goods and services used in the construction and operation of major projects would be purchased in Western Australia.

This situation is being eroded by a number of influences:

- increasing use of modular construction technology to produce major capital equipment, generally supplied from overseas;
- much greater competition from Asian manufacturers;
- the availability of large quantities of relatively inexpensive Chinese steel;
- design, procurement and contract management moving offshore;
- rising use of global supply chains and international marketing arrangements;
- closer links between project equity and sourcing, especially for Chinese investment;
- advances in transport and communication technologies providing greater access to Western Australia from overseas;
- the emergence of specialist engineering procurement and contract management companies undertaking out-sourced service provision for project proponents; and
- a very strong Australian dollar.

As a result, the market supplying goods and services to resource projects has become more complex and competitive. Overseas competition is beginning to occur in areas previously serviced almost entirely by local businesses, such as accommodation, catering, concrete walkways and equipment maintenance.

Production and services capacity and specialisation is increasingly concentrated in a few global hubs, and Western Australia does not feature strongly in these commercial linkages.

These factors have been evident for several years, but competition has intensified sharply since the global financial crisis, as overseas
manufacturers with spare capacity looking to capitalise on the high Australian dollar and opportunities in Western Australia’s comparatively strong economy.

Changing conditions have been particularly pronounced in offshore energy projects. Local industry participation has fallen from a peak of 72% for train 4 of Woodside’s North West Shelf project to an estimated 45% to 55% for the Pluto and Gorgon projects.

For example, project steel consumption has been as follows:

- Pluto LNG plant – 50,000 tonnes (China and Southeast Asia)
- BHP Rapid Growth 4 and 5 – 60,000 tonnes (mainly China)
- Gorgon LNG plant – 260,000 tonnes (Asia)
- Sino Iron – 100,000 tonnes (China).

In 2010 the Department of Commerce commissioned an independent assessment of the ability of the local steel fabrication industry to secure module contracts from energy and mineral projects. It found that fabricators were not tendering for large packages because they often lack the physical capacity to do the work. They also lacked the demonstrated capability and track records that might persuade purchasers to award them contracts. Their prices were often uncompetitive compared to overseas producers with lower input costs (especially labour) or greater economies of scale. In Korea, for example, Hyundai heavy industries has more than 24,000 workers and 600 hectares of fabrication yards and is thereby able to achieve continuous through-put. This compares with 130 hectares of capacity at the Australian Marine Complex and collective employment of just over 6000 people.

The report also found that not all fabricators are losing work due to increased competition. Some are responding to the changing market by establishing formal links with overseas yards for part production; while others are moving from manufacture to operational support.

A survey of over thirty steel fabricators undertaken by the Department of Commerce in November 2010 confirmed these findings.

A similar decline in market share is occurring in the local engineering and design industry, and there is vigorous debate between suppliers and project proponents regarding Perth’s relative costs and capacity. A body of evidence exists (Hays Oil and Gas Salary Guide 2011) which suggests that Perth has among the highest engineers and design salaries in the world.

The Department of Commerce commissioned in March 2011 further investigation of this issue, which is scheduled to be completed in mid 2011.
2.3 Industry Participation Challenges

The challenges faced by local suppliers vary widely. Coastal projects are more likely to ship in large modules, while inland developments tend to use traditional construction methods more suited to local industry. This is one reason why local content levels in oil and gas have fallen more than in iron ore projects.

The business model adopted by a project proponent is also important. Projects managed by proponents new to Western Australia, which have long-standing relationships with global supply chains or employ engineering, procurement and construction managers (EPCMs), may have little interest in trying to source material locally. Supply opportunities will be greater for projects whose proponents are well established locally and which provide design, engineering and procurement internally.

The independent study on modular construction mentioned earlier noted the importance for local suppliers of emphasising that the cheapest construction price does not necessarily represent the best value for money for proponents. A “whole of life” approach encompassing technical quality, proximity and after delivery support as well as price can make local suppliers competitive. Suppliers and project proponents need to establish and maintain strong communications about future requirements and performance expectations.

Communication is also essential to identify new and emerging opportunities where Western Australian industry can be competitive. This requires an understanding of international trends in technology, business models and procurement by suppliers.

Both companies and industry associations recognise the need for improving communications between suppliers and proponents.

For example, the Australian Steel Institute is mounting a promotional campaign emphasising members’ investment in equipment and technology, stronger collaboration with proponents and their EPCMs, and ongoing exchange with Government.

The fabrication industry claims its members are pursuing continuous improvement, benchmarking, workplace safety, innovation and skilled development as the basis for meeting the challenge of change.

An Australian Bureau of Agriculture and Resource Economics and Science study of the mining, technology services and equipment sector (July 2010) identified the following characteristics for a successful supplier:

- possession of technology that will solve a mining industry problem;
- a good working relationship and customer focus with clients; and
• an emphasis on product and workplace innovation through networking.

2.4 Local Content Success Stories

Local content reports from large projects indicate that levels of local sourcing are as high as 85% to 90% of project budgets in many instances. This is probably as high as local content levels will get, as some highly specialised contracts for products and services unavailable in Western Australia must be sourced interstate or overseas. These high local content levels reflect the integration of project proponents into the State’s economy.

Attachment 2 shows current local content levels reported over 2009 and 2010.

Reports received by the Local Content Unit for 2010 show that 86% of total operational expenditure of $4.6 billion and 53% ($6.8 billion) of total construction spending of $12.8 billion was awarded locally. The latter figure is affected by data for the Gorgon project, mainly because it imported items such as pre-assembled racks and pre-assembled units and cryogenic heat exchangers.

Chevron estimates that the Gorgon and Wheatstone projects together will generate almost $50 billion in expenditure on Australian goods and services.

During 2010, Rio Tinto spent $2.5 billion on iron ore expansion, of which 73% was awarded to Western Australia based companies with a further 10% directed to the rest of Australia. Local contracts included upgraded rail capacity, expansion of power supply, expansion of port facilities, pipe work for water supply and information technology, equipment and services. In December 2009, a $200 million contract was awarded to a joint venture between native title holders Eastern Guruma and mining service company NRW for construction and management of ore transport.

Over the same period, BHP Billiton’s Rapid Growth 5 expansion incurred expenditure of $1.2 billion, of which 85% was Western Australian contracts, mostly for complex transportation infrastructure. For example, AGC industries won a $100 million contract to built an ore handling plant, stockpile and conveyer system. RCR Tomlinson is undertaking a $150 million package to design crushing facilities and conveyers.

Citic Pacific Mining awarded 71% of contracts valued at $725 million locally with another 13% going to the eastern states. Local contracts included marine works and services, drilling, mechanical services, legal services, logistics, engineering services and information technology support.
In offshore energy projects, where competition for contracts is often strongest, two major packages are currently under way at the Australian Marine Complex. Civmec is constructing concrete wharf modules for the Gorgon project as part of a $744 million Barrow Island port infrastructure contract. The Saipem Leighton Consortium is building 56 concrete caissons valued at $800 million for the Barrow Island LNG export wharf. Neptune Marine Services has secured dive and vessel support contracts for the Gorgon project.

For Woodside’s Pluto project, Clough Ltd is a successful joint venture partner in the $200 million long approach jetty, while Cimeco Pty Ltd is project managing the construction of onshore facilities.

Both Woodside and Chevron have indicated that local content figures during operational phases will be much higher (90%) that during construction, due to the competitive advantage local suppliers enjoy from proximity and proponents’ need to maintain production.

Western Australian suppliers have diverse skills and capabilities, supporting resource projects in every phase of development from front end engineering and design to construction, operation, maintenance, refurbishment and decommissioning. Companies have grown from local to national to international in areas as varied as project management, exploration software, logistics, specialised subsea engineering, occupational health and safety, workforce development and training and flexible manufacturing.

Many local companies operate overseas, providing engineering services, drilling services, consultancy support (logistics, occupational health and safety) and industrial footwear. For many companies the ability to successfully supply to domestic world class mineral and energy projects has provided a platform for securing overseas sales.

Research by the Australian Bureau of Agriculture and Resource Economics and Science\(^1\) found that Western Australia has the highest number of companies in Australia in the mining, technology and services sector, with 320 companies representing over 30% of the total. This compares with a State share of approximately 12% of overall national manufacturing establishments.

Attachment 3 is a list provided by ICNWA of 20 Western Australian manufacturing and service companies that have grown by supplying offshore projects against strong competition.

Attachment 4 lists leading Western Australian based companies in the mining, technology and services sector identified by the 2010 HighGrade

\(^1\) ABARE – BRS; An economic survey of companies in the Australian Mining Technology, Services and Equipment sector, 2006-07 to 2008-09; p12
survey ranked by revenue and employment. This further illustrates the range of goods and services available locally to support resource projects.

3. Policy Considerations

3.1 Current Policy Settings

Western Australia

State cabinet approved the Building Local Industry Policy in 2004. The policy’s underlying principle is that local industry should get “full, fair and reasonable” opportunity to supply major projects.

The State’s policy is based on the Commonwealth/State Australian Industry Participation National Framework Agreement signed by Australian, State and Territory Industry Ministers in 2001. All parties committed to incorporate the principle of full, fair and reasonable opportunity into their approach to local supply. They also agreed that each jurisdiction’s policy would be consistent with Australia’s international obligations (see page 10).

When the principle of full, fair and reasonable opportunity to supply was introduced in 2001, resource project proponents’ approach to procurement was less complex than it is now. In 2001 the usual practice was to test the local market, usually through a tender process.

Today, project proponents operate a variety of procurement models. In large oil and gas and iron ore companies:

- Most multinationals have procurement policies and standards set internationally.
- Most companies use Engineering, Procurement, Construction Management (EPCMs). Often the EPCM is based offshore.
- Some companies do engineering and maintenance internally, others contract it out.
- Joint ventures typical of oil and gas projects require several companies and boards to agree to policies. Some claim that it is difficult to gain consensus on non-commercial priorities such as support for local industry.
- Some companies use the Industry Capability Network of Western Australia (ICNWA), some have extensive internal databases of suppliers, and some use other portals, for example, Bechtel.

Procurement models can include:

- assessment against pre-qualification requirements
• use of expressions of interest
• benchmarking against previous relevant contractual arrangements
• use of global supply chains and international marketing arrangements, and
• restricted tender and open tender.

Small and medium sized suppliers find these processes uncertain, complex and costly. Procurement processes often occur overseas and, without good communication, industry may be unaware of opportunities.

These changes in procurement practices make it harder to determine whether local business is gaining full fair and reasonable opportunities to bid, and for suppliers to determine whether they are likely to be competitive.

The general experience of the ICNWA and of government agencies that monitor local content is that project proponents do consider local sourcing. However, the extent of this consideration varies between industries and project proponents. Rather than lack of consideration, complaints from potential supplier tend to focus on the size of work packages, failure to use Australian standards and the weighting given to price as a stand-alone factor.

**Australia**

Through the operation of the 2001 framework agreement the Commonwealth shares the objective of ensuring full, fair and reasonable opportunity for Australian suppliers.

The framework agreement is currently under review to reflect market changes since 2001.

The State has made an initial submission to this review, and the Premier has also written to the Prime Minister on the issue of the Commonwealth’s role in support of local industry participation.

The major policy instruments for the Commonwealth Government are Industry Participation Plans (IPPs) and the Enhanced Project By-Law Scheme.

Major project proponents negotiate IPPs with the Department of Innovation, Industry, Science and Research. Sharing IPPs with the State Government is currently restricted. IPPs are required in cases where a project seeks tariff concessions through the Enhanced Project By-law Scheme. The Government is proposing that this be changed as part of the Commonwealth review of the *Australian Industry Participation National Framework.*
The Commonwealth operates the Enhanced Project By-Law Scheme which provides project proponents with exemptions from tariffs on goods which local industry cannot provide, or which are technologically more advanced, more efficient or more productive than goods produced in Australia. The Scheme requires proponents to produce an Australian Industry Participation Plan.

Local producers argue that project proponents avoid duty by bundling purchases so that goods that could be produced locally are exempt along with those that cannot be produced locally. The Scheme could be more effective if work packages are unbundled or sized to suit local industry capacity. At present, many work packages are too large for local industry to be competitive.

International Treaties

Australia has multilateral trade obligations as a signatory to agreements setting rules for international trade through the World Trade Organisation (WTO) and restricting its ability to impose local content requirements on the private sector. They apply at the Commonwealth, State/Territory and local levels.

A key principle of the WTO is “national treatment”, which means treating imported and locally produced goods and services equally. Similar principles are included in regional and bilateral trade agreements such as the United States Free Trade Agreement.

Relevant WTO provisions include:

- **WTO Agreement on Trade-Related Investment Measures (TRIMS) Article 2**
  TRIMs Article 2 requires that a trade related investment measure must be consistent with national treatment obligation for like products. An example of an inconsistent measure is mandating the purchase or use by an enterprise of products of domestic origin.

- **WTO General Agreement on Trade in Services (GATS) Article XVII**
  GATS Article XVII requires members to afford to services and service suppliers of any other member treatment no less favourable than given to its own services and service suppliers.

Examples of other provisions include:

- Article 3.1(b) of the WTO Agreement on Subsidies and Countervailing Measures (SCM), which states that “subsidies contingent, whether solely or as one of several other conditions, upon the use of domestic over imported goods” are prohibited. That contingency can be in law or in fact.
Article III:4 of the WTO General Agreement on Tariffs and Trade (GATT), which requires national treatment in respect of all laws, regulations and requirements affecting internal sale, offering for sale, purchase or use.

Australia’s obligations under its bilateral Free Trade Agreements and the WTO Agreement on Trade-Related Investment Measures restrict its ability to impose local content obligations on the private sector in relation to investment. For example, the Australia-US FTA Article 11.9.1 (Performance Requirements) requires that neither party may in connection with the establishment, acquisition, expansion, management, conduct, operation, or sale or other disposition of an investment impose or enforce any requirement, or enforce any commitment or undertaking, to:

- achieve a given level or percentage of domestic content,
- purchase, use, or accord a preference to goods produced in its territory, or
- to purchase goods from persons in its territory.

The State Government has limited capacity to influence Australia’s position on international trade rules, which are the responsibility of the Commonwealth Government. In general, however, the State has supported open trading regimes. Western Australia is by far Australia’s largest exporting state, accounting for 44% of national exports in 2010.

The State Government considers that, while some Western Australian businesses may find it hard to compete with overseas suppliers, the State as a whole is better off in an open trading environment. Protectionism would harm the economy’s international standing and reduce opportunities to export. So while the Western Australian Government encourages local supply, it has not supported mandated local content.

3.2 Current Policy Instruments in Western Australia

The Departments of Commerce and State Development, ICNWA, and Project Connect support the implementation of the Building Local Industry Policy.

The Department of State Development negotiates Agreement Acts and Development Agreements with proponents of large, complex projects. The use for local content provisions in these agreements is limited as not all resource projects have Agreement Acts or Development Agreements. Also, some recent Acts primarily cover the development of rail and so, local content provisions are limited to that activity.

Agreement Acts have been used for major projects since the 1950s, and the local content provisions in them have been expanded and refined over
time. Changes have included a requirement to consider local services as well as goods, and to use Australian product standards wherever feasible. In 2005 reporting requirements were standardised to allow collation of data and analysis of trends in procurement.

Proponents report on contracts over $100,000, providing information on the type of contract, value and company awarded the contract, and percentages of State, Australian and overseas content. Reporting is not required for contracts under $100,000. A contract is deemed local if more than 50% of its value added is in Western Australia. Attachment (1) provides a current example of the wording of the local content provisions, from the Railway (Roy Hill Infrastructure Pty Ltd) Agreements Act 2010.2222

There are no penalties for failing to report. However, the great majority of project reports are lodged on time, and where reports are late, follow-ups and reminders generally elicit a response.

Since 2004, Agreements have been supplemented by Industry Participation Plans (IPPs) largely at a Commonwealth level but in some cases by the State Government.

Experience with IPPs has been mixed. Some suppliers argue that Commonwealth is too willing to accept proponents’ claims about local content. When IPPs were instituted in 2001, Western Australia agreed to accept Commonwealth approval of plans covering projects in this State. For some time, the State was not given access to the IPPs because they were confidential documents between the proponent and Commonwealth government. Increasingly, the Commonwealth consults with the State about IPPs but the Commonwealth approves the plans.

Western Australia is seeking bi-lateral approval of plans submitted to the Commonwealth by proponents of projects in this State. The State also proposes that there be more information in IPPs on anticipated benefits, that proponents detail their procurement models prior to approval, and IPPS contain measures to be taken if expected local content levels are not realised.

The Local Content Unit in the Department of Commerce is responsible for managing the local content provisions of Agreement Acts, developing Industry Participation Plans and working with local suppliers to identify opportunities and resolve contentious issues.

The ICNWA is another instrument of local content policy. It provides an independent referral service to project proponents and suppliers on local sourcing opportunities. The services it provides include vendor identification, tender clause wording, assisting with Australian Industry Participation Plans and project briefings to suppliers.
Currently the ICNWA service is provided through the Chamber of Commerce and Industry of Western Australia. ICN’s funding comes from its contract with the Department of Commerce ($2.7 million over 2 years, 10 months), some Commonwealth funding from the Supplier Access to Major Projects program received on a case-by-case basis, and revenue from outposting staff with major project proponents.

In its business plan for 2010/11, the ICNWA forecasts that it will generate additional business of over $60 million for the State’s economy through import replacement.

The ICNWA has been operating since the mid 1980s. ICNWA often places its staff in the project offices of key developments. Its services are based on a business model where project proponents make procurement decisions locally and there were high levels of local content.

During consultations with industry on local content issues, the Department of State Development received mixed feedback on ICN. Some companies see it as effective, and it has strong support from some suppliers that have been winning contracts. Other businesses do not use it or believe its services are too narrowly focused.

The concerns about ICN’s operations focussed on the:

- potential for a conflict of interest because of its links to the Chamber of Commerce and Industry of Western Australia and proponents, and the use of proponents as a revenue source;
- narrowly focused performance indicators and engineering focus;
- lack of strategic advice to Government; and
- increasing use of engineering, procurement and construction managers sidelining ICN services.

The changes in local content practices in recent years mean that a review of ICNWA services is appropriate. Initial discussions are under way between the Department of Commerce and the CCIWA regarding the ICNWA contract for 2011/12 and the activities to be covered.

The Project Connect website, developed jointly by the State Government and CCIWA, supplements the ICNWA service providing by advance market intelligence for local industry. It gives details of local supplier capacity and capabilities, and contract opportunities on current projects. Initially funded by the State Government, it has proved popular; and approaching the point of covering its costs.

A further key consideration for local suppliers can be the ability to attract and retain a suitably skilled workforce. The State Government in December 2010 announced a comprehensive overhaul of training policy and process to better address increasing demand for skilled labour. Western Australia historically has attracted skilled migration to support
development and economic growth. The State is maintaining pressure on the Commonwealth Government to streamline and upgrade both its permanent and temporary visa programs.

3.3 Local Content Policy International Experience

A wide variety of policies is adopted by countries seeking to capture spinoffs from the development of natural resources. Approaches vary from intervention through state ownership and mandating of levels and forms of local content, to reliance on market forces underpinned by an opportunity to compete subject to commercial viability tests.

There is a correlation between the type of policies adopted and the economic conditions in a country or region. Low-income countries and developed economies with weak growth records tend towards greater direct levels of involvement. Countries in this category include Nigeria and the Canadian province of Newfoundland and Labrador.

Policies are also influenced by whether the domestic supply industry is emerging or mature. In Russia and Georgia with an emerging petroleum industry, high levels of prescription operate in the form of State owned companies seeking to foster the growth of local supply.

An independent study, commissioned in 2008 by the Department of Commerce, examined the policies and processes used in Canada, Russia, Nigeria, Norway and the UK. It indicated that the use of prescriptive policies had not led to significantly higher levels of local content than those achieved to date in Western Australia. Rather, the study found that a stronger influence on local content outcomes was the degree of political encouragement exerted to ensure project proponents focus on this issue.

Canada - Newfoundland and Labrador province

The Hebron project offshore from the Canadian province of Newfoundland and Labrador has received considerable media interest and been promoted as an example for the Western Australian Government to follow.

The Newfoundland Provincial Accord Act and the Canadian Federal Accord Act mandates that before exploration or development of an oil field, proponents must obtain approval of the Canada-Newfoundland and Labrador Offshore Petroleum Board to a benefits plan. The Hebron Project Agreement is an approved benefits plan.

The benefits plan:

- identifies contracts which could be undertaken locally if commercially viable;
- requires the proponent to establish an office in the province;
• gives first consideration for training and employment to individuals resident in the province;
• requires research and development and education and training to be undertaken in the province;
• gives first consideration to goods and services produced locally, where they are competitive in terms of fair market price, quality and delivery; and
• provides training and employment opportunities for disadvantaged individuals or groups and enables businesses owned or operated by them to participate in the supply of goods and services.

In the event of a dispute, it goes to mediation, negotiation and eventually arbitration. The decision at arbitration is binding.

Newfoundland-Labrador deliberately modelled its approach on that used by Norway in the 1970s.

There are similarities in approach between Newfoundland-Labrador and Western Australia. Both jurisdictions emphasise a full opportunity for local industry participation subject to commercial viability as a benchmark for awarding contracts.

Notable contrasts are that the Provincial Government has taken an equity share in energy projects to influence decision-making, the very close working relationship between Canada’s Federal and Provincial Governments on local industry participation in offshore projects, and the high degree of scrutiny applied to contracts.

Norway

In the past, Norway used extensive state intervention and ownership to support local industries. Direct intervention was reduced to a minimum after Norway joined a number of international agreements, including the European Economic Area in 1994 and the World Trade Organisation, which required tighter anti-competition rules and the adoption of the “national treatment” principle (where foreign companies are given the same treatment as domestic ones).

Before it joined these agreements, Norway implemented policies that increased local content and led to the emergence of a globally competitive energy service sector.

Starting in 1965, Norway’s Petroleum Law called on the government to choose international oil companies that would work to maximise local benefits. By 1967, government equity participation in offshore development was also required. In the 1970s two state-owned companies, Statoil and Norsk Hydro were given preferences in licensing decisions and increased the participation of Norwegian local suppliers in
the industry. In 1972, Article 54 of a Royal Decree mandated that the Norwegian government ensure that Norwegian goods and services received preferences as long as they were competitive on price, quality, schedule and service. The Norwegian government established a preference policy for Norwegian goods and services together with a policy for knowledge transfer and research co-operation. According to this policy, the license terms for the international oil companies made it mandatory to transfer skills and competence to the Norwegian companies.

The Norwegian Ministry of Industry established a Goods and Services Office as a watchdog agency. International oil companies operating in Norway were required to announce their tender schedule and the list of companies invited. The Goods and Services Office was responsible for:

- controlling and monitoring international oil companies’ contracting and procurement procedures;
- co-operating closely with international oil companies to develop the local energy service sector;
- ensuring that qualified Norwegian companies were included on the bidder’s list;
- stimulating the local supply industry through joint ventures;
- encouraging R&D and technology transfer;
- setting, monitoring and reviewing targets for local participation; and
- receiving and compiling reports on projects and local content.

By the time Norway entered the European Economic Area, it had achieved its objective of allowing Norway to develop Statoil and its indigenous energy service companies to a point where they could compete globally.

**Russia**

The control of Gazprom, an oil and gas producer controlling 16% of the world’s oil equivalent reserve, and Transneft, the state owned oil pipeline company, confers the Russian government with a de facto monopoly on oil and gas. The government acts as an oil explorer, developer, transporter and regulator in Russia.

Local content legislation exists in three individual production-sharing agreements for Sakhalin 1, Sakhalin 2 and Kharyaga, which divide the resources produced between the State and investors and usually require 70% local content for equipment and 80% for labour. However, these agreements have no timeframe nor definition for local content and remain unpublished.

Resource companies operating in Russia have been following two broad strategies and achieving high levels of local content:
• “price preferencing”, with local companies being preferred over foreign firms even if the latter can propose prices up to between 7.5% and 15% lower; and
• modifying the “procurement policy” to make it simpler, cheaper and more accessible for local small and medium enterprises through capacity building, increased standardisation, design, database creation and information dissemination.

For example, production sharing agreements attained above 70% Russian content over the life of the Sakhalin 2 project, but are not WTO compliant. They favour Russian enterprises over foreign companies. Furthermore, “price referencing” strategies are likely to discourage innovation and favour less efficient and less competitive local companies.

Nigeria

Industry experts estimate that local content in the Nigerian oil and gas sector is around 40%. Foreign workers and overseas suppliers provide most white-collar jobs, engineering, materials and maintenance work. Nigeria as an under-developed country provides little relevant information for Western Australia, in particular in terms of international obligations, cost structures and skills availability.

The “Nigerian Content Development Bill, 2003” set a target of 45% local content by 2006 and 70% by 2010. It defined Nigerian content as “the quantum of composite value added to, or created in, the Nigerian economy through the deliberate utilization of Nigerian human and material resources and services in the Upstream Sector of the Nigerian Petroleum Industry. It includes all activities connected with the exploration, development, exploitation, transportation and sale of Nigeria Crude Oil and Gas Resources, without compromising quality, health, safety and environmental standards”. On 22 April 2010, the President signed a local content bill for the oil industry that gives local firms priority in awarding oil concessions and requires foreign companies to employ more local staff.

The Nigerian Oil and Gas Industry Content Development Act 2010 contains provisions to enhance local participation in all aspects of oil operations. These include specifying minimum amounts of local materials and personnel used by oil and gas operators in the country. For example, the law stipulates that 65% of divers in energy projects must be Nigerian, and 60% of steel ropes must be made locally. Additionally, the Nigerian Content Division (government division empowered to work with industry stakeholders to develop local strategies and ensure compliance) Bill, section 9, requires that all contracts awarded in excess of US$100 million include a “labour clause” mandating the use of a minimum percentage of Nigerian labour or the use of indigenous companies of a minimum size.
When joining the WTO, developing countries such as Nigeria often make commitments and obtain exemptions that are less stringent than the commitments required of developed countries such as Australia. In most cases, it gives them more time to liberalise certain industries and allows them to impose requirements on foreign companies in specific sectors and activities.

International oil companies have all expressed their willingness to comply with the Nigerian local content framework but have questioned whether targets are either realisable or desirable.

The role of the Nigerian Content Division has been quite successful in ensuring compliance with local content regulation, in providing financial support to help local companies bidding for contracts and in coordinating local capacities. However, limited infrastructure, a small industrial base, high project costs, a high interest rate and skills shortages constrain local content levels.

**United Kingdom**

Due to European Union requirements, the United Kingdom has no local content preference provisions.

Prior to joining the European Union, the United Kingdom had an active local content program giving preference to domestic companies and labour. Entry in the European Union necessitated a change in local content policies suppressing domestic preference, which reduced local content levels to 60-70%. The United Kingdom government changed its focus to supporting private investors to develop export markets in a competitive environment.

Informal local content strategies exist nonetheless. For example, local Chambers of Commerce and local authorities promote opportunities for local companies to be part of supply chains by providing early specification details of a given contract to local businesses.

### 3.4 Policy Options

The local content market has become more competitive and complex due to a range of comparatively new factors.

The State Government will retain the principle of full, fair and reasonable opportunity for local suppliers as the basis for the promotion of industry participation. Use of the ICNWA/Project Connect service and application of Agreement Acts and Industry Participation Plans as a means of linking projects to policy objectives will continue. the Department of Commerce’s Local Content Unit will lead policy implementation and co-ordination, in conjunction with the Departments of State Development and Mines and Petroleum.
However, within these parameters new initiatives are being considered.

The Government’s will engage major resource project proponents in formal ongoing strategic dialogue about:

- international business and procurement trends affecting Western Australian projects;
- relative competitive performance of the State’s supply industries; and
- a shared vision, aspirations and opportunities for resource projects and suppliers.

The Government will develop a more detailed understanding of the contribution of resource development to the State. The concept of local content will be broadened to include operational support, project-related research and development, regional, indigenous and community support, training, technology transfer and initiatives facilitating joint ventures and partnerships and the promotion of competitive local suppliers overseas. This will allow the Government, Parliament and the community to make more informed decisions and judgements on resource development in Western Australia.

The Government is reviewing the ICNWA service and will examine how Project Connect may be improved to increase its coverage.

The use of Industry Participation Plans will increase, targeting key projects and using improved templates that require more detail about sourcing methods and intentions.

The Government will promote opportunities for mutually beneficial cooperation on project supply and support both in Western Australia and overseas.
Use of local labour professional services and materials

18. (1) Except as otherwise agreed by the Minister the Company shall, for the purposes of this Agreement:

(a) except in those cases where the Company can demonstrate it is not reasonable and economically practicable so to do, use labour available within the said State (using all reasonable endeavours to ensure that as many as possible of the workforce be recruited from the Pilbara region) or if such labour is not available then, except as aforesaid, use labour otherwise available within Australia;

(b) as far as it is reasonable and economically practicable so to do, use the services of engineers, surveyors, architects and other professional consultants experts and specialists, project managers, manufacturers, suppliers and contractors resident and available within the said State, or if such services are not available within the said State, then, as far as practicable as aforesaid, use the services of such persons otherwise available within Australia;

(c) during design and when preparing specifications, calling for tenders and letting contracts for works, materials, plant, equipment and supplies (which shall at all times, except where it is impracticable so to do, use or be based upon Australian Standards and Codes) ensure that suitably qualified Western Australian and Australian suppliers, manufacturers and contractors are given fair and reasonable opportunity to tender or quote;

(d) give proper consideration and, where possible, preference to Western Australian suppliers, manufacturers and contractors when letting contracts or placing orders for works, materials, plant, equipment and supplies where price, quality, delivery and service are equal to or better than that obtainable elsewhere or, subject to the foregoing, give that consideration and, where possible, preference to other Australian suppliers, manufacturers and contracts; and

(e) if, notwithstanding the foregoing provisions of this subclause, a contract is to be let or an order is to be placed with other than a Western Australian or Australian supplier, manufacturer or contractor, give proper consideration and, where possible, preference to tenders, arrangements or proposals that include Australian participation where price, delivery and service are otherwise equal or better.
(2) Except as otherwise agreed by the Minister, the Company shall, in every contract entered into with a third party for the supply of services, labour, works, materials, plant, equipment or supplies for the purposes of this Agreement require as a condition thereof that such third party shall undertake the same obligations as are referred to in subclause (1) and shall report to the Company concerning such third party’s implementation of that condition.

(3) The Company shall:

(a) in respect of developments the subject or to be the subject (as the case may be) of proposals submitted under clause 10, submit a report to the Minister at quarterly intervals from the date specified in clause 3(4) to the date of the first submission of proposals under clause 10 and thereafter at monthly intervals until commissioning of the Railway and thereafter as requested by the Minister from time to time; and

(b) in respect of developments the subject or to be the subject (as the case may be) of proposals submitted under clause 12, submit a report to the Minister at quarterly intervals from the date on which it gives notice under clause 12(1) to the date of the first submission of proposals in connection with that notice under clause 12 and thereafter at monthly intervals until commissioning of the developments the subject of the proposals approved pursuant to clause 12 and thereafter as requested by the Minister from time to time, concerning its implementation of the provisions of this clause, together with a copy of any report received by the Company pursuant to subclause (2) during that month or longer period as the case may be PROVIDED THAT the Minister may agree that any such reports need not be provided in respect of contracts of such kind or value as the Minister may from time to time determine.

(4) The Company shall keep the Minister informed on a regular basis as determined by the Minister from time to time or otherwise as reasonably required by the Minister during the currency of this Agreement of any services (including any elements of the project investigations, design and management) and any works, materials, plant, equipment and supplies that it may be proposing to obtain from or have carried out or permit to be obtained from or carried out outside Australia, together with its reasons therefor and shall, as and when required by the Minister, consult with the Minister with respect thereto.
### COMPANIES OPERATING UNDER STATE AGREEMENTS
### LOCAL CONTENT REPORTS - CUMULATIVE OUTCOMES - 2009

#### Operating Projects

<table>
<thead>
<tr>
<th>Company Name</th>
<th>WA</th>
<th>ES</th>
<th>OS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adelaide Brighton Ltd (Cockburn Cement)</td>
<td>86%</td>
<td>1%</td>
<td>13%</td>
</tr>
<tr>
<td>Alcoa World Alumina</td>
<td>73%</td>
<td>12%</td>
<td>15%</td>
</tr>
<tr>
<td>Alinta Ltd (Pilbara Energy Project)</td>
<td>76%</td>
<td>7%</td>
<td>17%</td>
</tr>
<tr>
<td>Argyle Diamond Mines</td>
<td>93%</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Birla Nifty Pty</td>
<td>81%</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>Dampier Salt Limited</td>
<td>59%</td>
<td>8%</td>
<td>33%</td>
</tr>
<tr>
<td>Goldfields Gas Transmission Pty Ltd</td>
<td>73%</td>
<td>4%</td>
<td>23%</td>
</tr>
<tr>
<td>Iluka Resources Ltd</td>
<td>90%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Millennium Chemicals</td>
<td>87%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Nickel West Ltd</td>
<td>65%</td>
<td>31%</td>
<td>3%</td>
</tr>
<tr>
<td>Onslow Salt Pty Ltd</td>
<td>43%</td>
<td>43%</td>
<td>15%</td>
</tr>
<tr>
<td>Rio Tinto Iron Ore (Pilbara projects)</td>
<td>88%</td>
<td>11%</td>
<td>1%</td>
</tr>
<tr>
<td>Sharke Bay Resources Pty Ltd</td>
<td>61%</td>
<td>16%</td>
<td>24%</td>
</tr>
<tr>
<td>Simcoa</td>
<td>79%</td>
<td>4%</td>
<td>17%</td>
</tr>
<tr>
<td>The Griffin Coal</td>
<td>99%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Tiwest Joint Venture</td>
<td>93%</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>Westfarmers Premier Coal Limited</td>
<td>99%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Wespine Industries Pty Ltd</td>
<td>65%</td>
<td>0%</td>
<td>35%</td>
</tr>
<tr>
<td>Worsley Alumina Pty Ltd (operations)</td>
<td>61%</td>
<td>25%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING</strong></td>
<td>80%</td>
<td>12%</td>
<td>8%</td>
</tr>
</tbody>
</table>

#### New Projects (including expansions)

<table>
<thead>
<tr>
<th>Company Name</th>
<th>WA</th>
<th>ES</th>
<th>OS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argyle Diamond Mines (Underground mine development)</td>
<td>98%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>BHP Billiton Iron Ore</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RGP4</td>
<td>84%</td>
<td>11%</td>
<td>5%</td>
</tr>
<tr>
<td>RGP5</td>
<td>81%</td>
<td>3%</td>
<td>16%</td>
</tr>
<tr>
<td>Iluka Resources Ltd (expansion projects)</td>
<td>79%</td>
<td>21%</td>
<td>0%</td>
</tr>
<tr>
<td>CP Mining</td>
<td>48%</td>
<td>11%</td>
<td>40%</td>
</tr>
<tr>
<td>Australasian Resources</td>
<td>88%</td>
<td>0%</td>
<td>12%</td>
</tr>
<tr>
<td>Rio Tinto Iron Ore (Pilbara projects)</td>
<td>95%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>Simcoa</td>
<td>24%</td>
<td>0%</td>
<td>76%</td>
</tr>
<tr>
<td>Tiwest Joint Venture (expansion projects)</td>
<td>84%</td>
<td>4%</td>
<td>12%</td>
</tr>
<tr>
<td>Worsley Alumina Pty Ltd (E&amp;G project)</td>
<td>75%</td>
<td>17%</td>
<td>9%</td>
</tr>
<tr>
<td>Chevron (Gorgon)</td>
<td>37%</td>
<td>4%</td>
<td>59%</td>
</tr>
<tr>
<td><strong>TOTAL NEW PROJECTS/EXPANSIONS</strong></td>
<td>48%</td>
<td>5%</td>
<td>47%</td>
</tr>
</tbody>
</table>

| **TOTAL ALL PROJECTS**                                           | 58%  | 7%  | 35% |
### COMPANIES OPERATING UNDER STATE AGREEMENTS

**LOCAL CONTENT REPORTS - CUMULATIVE OUTCOMES - 2010**

#### Operating Projects

<table>
<thead>
<tr>
<th>Company</th>
<th>WA</th>
<th>ES</th>
<th>OS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birla Nifty Pty</td>
<td>76%</td>
<td>22%</td>
<td>1%</td>
</tr>
<tr>
<td>Goldfields Gas Transmission Pty Ltd</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Millennium Chemicals</td>
<td>88%</td>
<td>8%</td>
<td>4%</td>
</tr>
<tr>
<td>Nickel West Ltd</td>
<td>66%</td>
<td>34%</td>
<td>0%</td>
</tr>
<tr>
<td>Onslow Salt Pty Ltd</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Rio Tinto Iron Ore (Pilbara projects)</td>
<td>88%</td>
<td>12%</td>
<td>1%</td>
</tr>
<tr>
<td>Sharke Bay Resources Pty Ltd</td>
<td>95%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Simcoa</td>
<td>76%</td>
<td>3%</td>
<td>21%</td>
</tr>
<tr>
<td>Westfarmers Premier Coal Limited</td>
<td>98%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>Wespine Industries Pty Ltd</td>
<td>48%</td>
<td>0%</td>
<td>52%</td>
</tr>
<tr>
<td>Worsley Alumina Pty Ltd (operations)</td>
<td>84%</td>
<td>0%</td>
<td>16%</td>
</tr>
</tbody>
</table>

**TOTAL OPERATING**

<table>
<thead>
<tr>
<th></th>
<th>WA</th>
<th>ES</th>
<th>OS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>86%</td>
<td>10%</td>
<td>4%</td>
</tr>
</tbody>
</table>

#### New Projects (including expansions)

<table>
<thead>
<tr>
<th>Company</th>
<th>WA</th>
<th>ES</th>
<th>OS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHP Billiton Iron Ore RGP4</td>
<td>62%</td>
<td>21%</td>
<td>17%</td>
</tr>
<tr>
<td>RGP5</td>
<td>85%</td>
<td>2%</td>
<td>13%</td>
</tr>
<tr>
<td>Iluka Resources Ltd (expansion projects)</td>
<td>93%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>CP Mining (Sino project)</td>
<td>71%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Rio Tinto Iron Ore (Pilbara projects)</td>
<td>73%</td>
<td>10%</td>
<td>16%</td>
</tr>
<tr>
<td>Simcoa</td>
<td>50%</td>
<td>5%</td>
<td>45%</td>
</tr>
<tr>
<td>Tiwest Joint Venture (expansion projects)</td>
<td>99%</td>
<td>0%</td>
<td>1%</td>
</tr>
<tr>
<td>Worsley Alumina Pty Ltd (E&amp;G project)</td>
<td>65%</td>
<td>32%</td>
<td>3%</td>
</tr>
<tr>
<td>Chevron (Gorgon)</td>
<td>38%</td>
<td>3%</td>
<td>59%</td>
</tr>
</tbody>
</table>

**TOTAL NEW PROJECTS**

<table>
<thead>
<tr>
<th></th>
<th>WA</th>
<th>ES</th>
<th>OS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53%</td>
<td>7%</td>
<td>41%</td>
</tr>
</tbody>
</table>

**TOTAL ALL PROJECTS**

<table>
<thead>
<tr>
<th></th>
<th>WA</th>
<th>ES</th>
<th>OS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>61%</td>
<td>8%</td>
<td>31%</td>
</tr>
</tbody>
</table>

**NOTE:**

- **WA** - Western Australia, **ES** - Eastern States, **OS** - overseas

- **Operating projects** - projects which are in operational phase report annually. These reports are normally received by the end of March for companies reporting on a calendar year basis or end of September for companies reporting on a financial year basis.

- **New/Expansion projects** - new and expansion projects report quarterly.
Recent examples – WA companies supplying to off-shore projects. (Source: ICNWA)

Australian Maritime Systems (AMS)

AMS is able to design, commission, service and maintain maritime safety assets including: visual signalling equipment, electronic aids (AIS, DGPS, VTS, Radar), high-reliability remote area power supplies, tide gauging equipment, telemetry and monitoring systems, search and rescue equipment, buoys towers, piles and composite structures. Australian Maritime Systems Ltd is a member of IALA and respects and complies with the standards and recommendations.

Project Name: Chevron Gorgon

Binder Engineering

Binder Group design, manufacture and distribute pipe supports, pipe suspension equipment & associated products. Our range covers cryogenic, hot services & commercial plumbing. We also offer secondary steel fabrication. Binder Group is a Quality Assured Company with over 25 years experience in pipe supports.

Project Name: Chevron Gorgon, Woodside LNG Trains 1 – 5

Blakers Pump Engineers


Project Name: Chevron Gorgon

Chubb Fire Safety

Chubb provide a full range of fire detection, suppression and fire fighting products and services, from portable fire extinguishers to the most advanced, fully integrated detection and suppression systems.

Project Name: Chevron Gorgon
Cimeco

Cimeco is the operating entity of Forge that is responsible for all construction activities of the Group. As a leading Western Australian based contractor, Cimeco offers a “one stop shop” approach to client’s construction requirements. Providing a complete suite of construction services to the resource industry including civil and concrete, mechanical, electrical and maintenance services.

Project Name: Chevron Gorgon

3M Purification Pty Limited (formerly Cuno Pacific Pty Ltd)

Cuno Pacific Pty Ltd is a wholly owned subsidiary of the 3M Corporation and Cuno Pacific is a large filtration manufacturer media supplier for a broad range of applications in the oil & gas industry.

Project Name: Chevron Gorgon

DTE Group Pty Ltd

DTE Group supplies storage tanks to applications for the petroleum, chemical, industrial, power, process and mining industries. They offer a full range of storage tank options for underground tanks, single wall above-ground tanks, vertical tanks and self-bunded tanks.

Project Name: Chevron Gorgon

Fastwave Communications

Global monitoring, control and tracking solutions for remote assets and equipment using Iridium satellite telemetry. Real-time marine environmental monitoring systems. Real-time remote vehicle, vessel and air.

Project Name: Chevron Gorgon, Woodside Pluto

Future Engineering & Communication Pty Ltd

Future Engineering & Communication PTY LTD is an Australian based organisation that specialises in the design & supply of Lattice Towers, Steel Monopoles and Guyed Masts for the communication industry.

Project Name: Chevron Gorgon
Howard Porter

Howard Porters designs and manufactures road transport equipment, semi trailers and rigid truck bodies, as well as a wide range of off highway trailers for mining applications.

Project Name: Chevron Gorgon

Icon Engineering Pty Ltd

Icon Engineering supply services to Oil and Gas Field Developments. Their services include; Conceptual Studies both technical and commercial, Multidiscipline facilities design, onshore, offshore fixed floating and subsea, Facilities construction and Installation, Operations support, Oilfield equipment, Offshore crane and Lifting/handling projects and Specialised Construction equipment.

Project Name: Chevron Gorgon

Jeyco 1992 Pty Ltd

Jeyco is a wholly Australian owned company specialising in the supply of quality mooring, rigging, towing equipment and services to the commercial marine, fishing, aquaculture and offshore industries.

Project Name: Chevron Gorgon, Pyrenees

Kingston Bridge Engineering

KBE are a reputable Australian owned business which specialises in the manufacture and distribution of HDPE Polyethylene (PE100) Pipes and Fittings Systems in sizes from 20mm to 2000mm including in-house general pipe fabrication and spool work. KBE have an "in-house" Safety Management Plan in place and on-site laboratory for testing purposes.

Project Name: Chevron Gorgon

Machforce

Machforce have had experience in manufacturing a wide variety of miscellaneous products which include - safety platforms, crane mounting platforms, truck bodies, as well as various adapters for the installation of equipment.

Project Name: Chevron Gorgon
Neptune

Neptune is emerging as a leading provider of engineered solutions to the global oil and gas, marine and renewable energy industries. Headquartered in Perth, Western Australia, Neptune’s global presence spans operational centres located in Australia, the UK, USA, Asia and the Middle East.

Project Name: Chevron Gorgon, Apache Energy

Rutledge Engineering (Aust) Pty Ltd

Rutledge Engineering is Australia's leading provider of professional audio visual and video conferencing equipment and integration. Services include design engineering, project management, software development, installation and support.

Project Name: Chevron Gorgon

Steelpipe Australia Pty Ltd

Manufacture Spiral Welded Steel Pipe in Western Australia. Size range up to 3000mm diameter. Structural circular hollow sections for piles, piling, building columns, bridges, wharfs, jetty's etc. Coatings and fitting of accessories available.

Project Name: Chevron Gorgon

UnderRaps

Under-Raps® is a professional Australian company specialising in encapsulation and shrink wrapping, using special industrial grade plastics with superior durability and strength.

Project Name: Chevron Gorgon

United Industries

United Industries manufactures, supplies and installs a wide range of products, for the Mining, Oil and Gas, Industrial and Commercial sectors.

Project Name: Chevron Gorgon

Western Process Controls

Western Process Controls provides Engineering, supply, maintenance and optimisation of Fisher Control Valves and Pressure Regulators.

Project Name: Chevron Gorgon
Leading WA based companies mining, technology and service sector – non energy (HighGrade 2010 survey) – ranked by revenue and employment.

<table>
<thead>
<tr>
<th></th>
<th>Company</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Monadelphous Engineering</td>
<td>engineering services</td>
</tr>
<tr>
<td>2</td>
<td>WesTrac</td>
<td>equipment supply</td>
</tr>
<tr>
<td>3</td>
<td>Ausdrill</td>
<td>drilling services</td>
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<tr>
<td>4</td>
<td>McMahon</td>
<td>contract mining</td>
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<tr>
<td>5</td>
<td>Emeco</td>
<td>equipment hire</td>
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<tr>
<td>6</td>
<td>NRW Holdings</td>
<td>contract mining</td>
</tr>
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<td>7</td>
<td>Bar Minco</td>
<td>contract mining</td>
</tr>
<tr>
<td>8</td>
<td>RCR Tomlinson</td>
<td>engineering services</td>
</tr>
<tr>
<td>9</td>
<td>BGC</td>
<td>contract mining</td>
</tr>
<tr>
<td>10</td>
<td>Mineral Resources</td>
<td>contract services</td>
</tr>
<tr>
<td>11</td>
<td>Calibre Global</td>
<td>engineering services</td>
</tr>
<tr>
<td>12</td>
<td>VDM Group</td>
<td>construction engineering</td>
</tr>
<tr>
<td>13</td>
<td>Fleetwood</td>
<td>construction engineering</td>
</tr>
<tr>
<td>14</td>
<td>Lycopodium</td>
<td>engineering services</td>
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<tr>
<td>15</td>
<td>Imdex</td>
<td>drilling supplies</td>
</tr>
<tr>
<td>16</td>
<td>Southern Cross Electrical Engineering</td>
<td>electrical engineering</td>
</tr>
<tr>
<td>17</td>
<td>Australian Contract Mining</td>
<td>contract mining</td>
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<tr>
<td>18</td>
<td>SWICK</td>
<td>drilling services</td>
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<tr>
<td>19</td>
<td>Brierty Contractors</td>
<td>contract mining</td>
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<td>20</td>
<td>Mining and Civil Australia</td>
<td>contract mining</td>
</tr>
<tr>
<td>21</td>
<td>Hahn Electrical</td>
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<td>22</td>
<td>AMMTEC</td>
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<td>23</td>
<td>Immersive Technologies</td>
<td>training</td>
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<td>24</td>
<td>ROCK Australia</td>
<td>contract services</td>
</tr>
<tr>
<td>25</td>
<td>Wallace Drilling</td>
<td>drilling services</td>
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