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Committee Secretary
Foreign Affairs, Defence and Trade Committee
Sent via email: fadt.sen@aph.gov.au

24 August 2017

Attention: Committee Secretary

Woodside is pleased to provide comment to the Foreign Affairs, Defence and Trade Committee regarding its Inquiry into Australia's trade and investment relationships with the countries of Africa.

Africa's economic importance to Australia and the world is already significant and set to increase in the decades ahead. The indicators are compelling, an increasing population already numbering over a billion people, with a high proportion in the working age; a growing middle class which is driving consumer spending significantly; annual GDP growth and level of Foreign Direct Investment (FDI) in the past few years second only to Asia and a substantial amount of yet to be exploited natural resources and agricultural potential.

Currently Australia's economic engagement with Africa is centred on the considerable activities by Australian companies involved in oil and gas and mineral exploration, development and production. According to some estimates the total investment by Australian companies in Africa is over A\$30 billion. There are more than 200 ASX-listed companies operating more than 700 resources projects in 35 countries in Africa. Given the resource endowment of Africa and Australia's distinct expertise, this investment is expected to grow.

Woodside's activities in Africa

Woodside has had an active interest in Africa since the late 1990s. In 2016, Woodside established a material position in a highly prospective offshore region of Senegal through the acquisition of a 35% interest in the Rufisque, Sangomar, Sangomar Deep Offshore blocks which includes the SNE deep-water oil discovery. The SNE field offers line-of-sight to new near-term oil production and a foundation for creating a regional oil and gas hub. Significant exploration upside exists to build on this foundation.

SNE is one of the largest global deep-water oil discoveries since 2014. The SNE field is estimated to contain contingent resources (2C) of 150 MMbbl of oil net to Woodside (~560 MMbbl, 100%). After drilling an exploration well and four successful appraisal wells, the joint venture has recently completed the five well exploration and appraisal drilling campaign for 2017. The results will now be interpreted as part of the concept select phase and potential for further exploration.

The foundation development concept for SNE is a stand-alone Floating Production and Storage Offtake (FPSO) facility with an expansion capability for future tiebacks. A phased development will initially focus on the less complex reservoir units. The SNE oil development is targeting first oil between 2021 and 2023.

Woodside is Development Lead for SNE oil and plans to transition to Operator are underway. We continue to work with the joint venture and the Government of Senegal to progress this important development.

In support of our investment in Senegal, Woodside has an office established in Dakar, currently with six staff including three local Senegalese personnel. We will continue to build our in-country presence in 2017 and 2018.

In recent years the company has also invested in exploration activities in Gabon, Morocco, Cameroon and Tanzania. Woodside continues to look at a variety of potential opportunities in Africa.

The Advisory Group on Australian African Relations (AGAAR)

In 2015, the Minister for Foreign Affairs, The Hon. Julie Bishop MP, established the Advisory Group on Australian African Relations (AGAAR) with the aim of providing the Australian Government with advice on advancing and diversifying Australia's growing relationship with Africa.

I was pleased to serve as the Chair of AGAAR in 2015 and 2016 and I continue as an active member of the Advisory Group in 2017.

I encourage the Committee to engage with the Department of Foreign Affairs and Trade (DFAT) with regards to the important work of AGAAR.

Australian Presence in Africa

Woodside has appreciated the efforts of the Australian Government, including the assistance from diplomatic and trade officials based in Africa, in support of the company's activities in Africa.

The Australian Government's expansion of its diplomatic network in Africa in recent years from a relatively small base has improved the accessibility of the Government's support to companies such as Woodside. Given the strong economic potential of Africa we encourage the Australian Government to consider further increasing its diplomatic presence in Africa in order to grow trade and investment relationships. These offices should be appropriately resourced in order to maximise opportunities for trade.

Bilateral investment treaties with the countries of Africa

In order to attract foreign investments, many countries in the past 20 years have entered into a substantial number of bilateral investment treaties. These treaties have become an important feature of the foreign investment landscape. Modern treaties preserve the right of host countries to regulate investment, while maintaining investor protection, fostering responsible investment and improving dispute settlement.

It is understood that Australia has concluded 20 bilateral investment treaties that are currently in force. However to our knowledge, the treaty with Egypt, is the only one with a country of Africa. I would encourage the Committee to engage with DFAT and emphasise the importance of expanding the bilateral investment treaty network of Australia with other countries of Africa.

Woodside supports the Government in its efforts to assess Australia's trade and investment relationships with the countries of Africa and appreciates the opportunity to provide this submission to the Senate Committee.

I trust this submission is of assistance to the Inquiry.

Yours sincerely,

Peter Coleman
Chief Executive Officer and Managing Director