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Mr Ray McDermott
Manager Financial Services
City of Karratha
PO Box 219
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9 November 2017

Dear Mr McDermott

CHANGING METHOD OF LAND VALUATION PROPOSAL – FROM UNIMPROVED VALUE TO GROSS RENTAL VALUE FOR MINING, PETROLEUM AND RESOURCE INTERESTS

Thank you for your letter of 29 September, 2017, providing details of the City of Karratha's (the City's) proposal to change the method of rating from the Unimproved Value (UV) to the Gross Rental Value (GRV) on a number of facilities, buildings and workshops at Woodside's Pluto LNG Plant (A91505), in accordance with *Policy – The Application of Gross Rental Valuation to Mining, Petroleum and Resource Interests* (the Policy).

The proposal, as outlined in your letter, would seek to apply GRV to the following facilities, buildings and workshops:

Specified Woodside-owned facilities, buildings and workshops at the Pluto LNG Plant:

Note: Woodside descriptions in brackets.

- 1 – Administration Building (Administration Office)
- 2 – Fire Station (Fire Station)
- 3 – Workshop (Maintenance Workshop)
- 4 – Warehouse (Warehouse)

Background

As you would be aware, Woodside and our joint venture participants in the NWS Project and Pluto LNG make sustainable contributions to the Pilbara community. These contributions include, amongst other things, a large residential workforce of over 400 employees who live with their families in Karratha, significant expenditure with local businesses, and ongoing investments in community infrastructure and contributions to community programs.

Woodside and its joint venture participants in the NWS Project and Pluto LNG have:

- Over the past seven years to 2016, invested more than \$7.7 million in the Pilbara region on social contributions;
- Since 2009, invested more than \$18 million in community infrastructure projects in the City of Karratha including, but not limited to, the Karratha Leisureplex, The Youth Shed and Electrical Instrumentation Centre of Specialisation;
- Committed and commenced payment by annual instalment of \$3.2 million (NWS Project funding) towards the City-led Red Earth Arts Precinct (REAP) project, currently under construction.
- From 2011-2016, spent more than \$329 million in the City of Karratha with local businesses.

We value the services and facilities provided by the City to the community. Woodside is committed to paying rates and we understand that rates revenue makes a significant contribution to the sustainable provision of these services. From 2009-2016, Woodside and its joint venture participants in the NWS Project and Pluto LNG have contributed nearly \$54 million to City of Karratha revenue through rates and land taxes, which would pay for almost the entire REAP project.

In 2017/18 alone, rates derived from properties owned by Woodside and its joint venture participants in the NWS Project and Pluto LNG, including residential housing, contributed \$6,320,386.53 or approximately 15.5% of the City's budgeted rate yield of \$40.7 million.

The proposal to change the method of rating from the UV to the GRV on the Pluto LNG-owned facilities, buildings and workshops specified above, as part of the City's 2018/19 differential rates model, would result in an overall increase to Pluto LNG's total rates bill in 2018/19 of \$29,056.9.


Response

Without a commensurate increase in the use of City funded services or infrastructure, Woodside does not see value in agreeing the City's proposal to change the land valuation method from the UV to the GRV for selected Pluto LNG-owned facilities, buildings and workshops (specified above), which will increase the rates payable in respect of Pluto LNG.

Furthermore, the proposal comes at a time when Woodside and its joint venture participants in Pluto LNG are continually looking for opportunities to deliver efficiencies and cost savings throughout our business.

However, we have taken into consideration the importance of our long-term relationship with the City of Karratha and will, in good faith, accept the City's proposal as per the policy.

Yours sincerely,



Brad Russell-Lane
Vice President Australia Business
Woodside Energy Ltd