

Police asked to widen Woodside probe



Woodside Petroleum's Chinguetti oil and gas platform off the coast of Mauritania.

Richard Baker
May 3, 2007

THE Australian Federal Police has been asked to expand its investigation into corruption allegations against Woodside Petroleum in Mauritania to examine the role of a Federal Government official seconded to work with the oil company in the West African country.

Greens senator Christine Milne has written to the AFP to ask it to widen its investigation after it emerged the Department of Foreign Affairs and Trade agreed to a request from the company in July 2004 to have one of its officials made available for work in Mauritania while a controversial deal was being negotiated between Woodside and the country's then oil minister.

The Age recently learned of the Government's decision to allow one of its officials to work with Woodside in Mauritania after foreign affairs sources spoke of a highly unusual internal advertisement placed in August 2004 that sought a public servant to take unpaid leave to join the company in West Africa.

The AFP announced last October it was investigating Woodside over allegations it bribed a Mauritania Government minister to secure four amendments to a \$1 billion oil contract. It decided on the investigation after taking five months to evaluate claims first raised by Senator Milne and referred to the AFP by Justice Minister Chris Ellison. Woodside has vigorously denied any wrongdoing.

An AFP spokeswoman said on Friday she could not comment on the investigation.

The department of Foreign Affairs and Trade and Woodside refused to reveal the identity of the Foreign Affairs official. Woodside spokesman Peter Kermode said the official was working with the company's corporate affairs department in Mauritania for about two years. He said the company sought the department's help because it did not have personnel with experience in West Africa.

Senator Milne said the AFP had to examine what the official's role with Woodside was and whether the Federal Government was advising Woodside on how to negotiate oil deals with Mauritania via the official. "Given the access of the seconded DFAT-Woodside operative, what additional help was given to Woodside by DFAT in terms of opening doors in Mauritania or legal advice," she said.

"Australians need to ask whether the role of DFAT is to facilitate Australia's standing and security interests in the world or whether it is the publicly funded arm of the Minerals Council of Australia."

The AFP investigation into Woodside is focusing on four amendments to production-sharing arrangements at the company's \$1 billion Chinguetti oil-field project. The amendments, which were negotiated with former Mauritanian oil minister Zeidane Hmeida and became law in February 2005, gave Woodside a greater share of oil revenues, reduced taxes and eased environmental constraints.

But the deal between Woodside and Mr Hmeida attracted scrutiny after a new Mauritanian government was formed in August 2005, following a bloodless coup. The new Government claimed the amendments were "outside the legal framework of normal practice" and robbed the country of \$200 million a year. Mr Hmeida was jailed on corruption charges over his dealings with foreign companies.

He was released in March last year at the same time Woodside resolved the dispute with the new Government regarding the oil contract by paying a \$100 million settlement fee. Woodside has repeatedly said it had always acted in good faith.

Foreign Affairs sources have told *The Age* the seconding of an official to work with Woodside in Mauritania was highly unusual. One source with 16 years' experience said the internal advertisement was the only example he could recall of a private-sector job being promoted to public servants in such a way.