

15 September 2021

# Economic and Social Contribution of Ichthys LNG in the Northern Territory

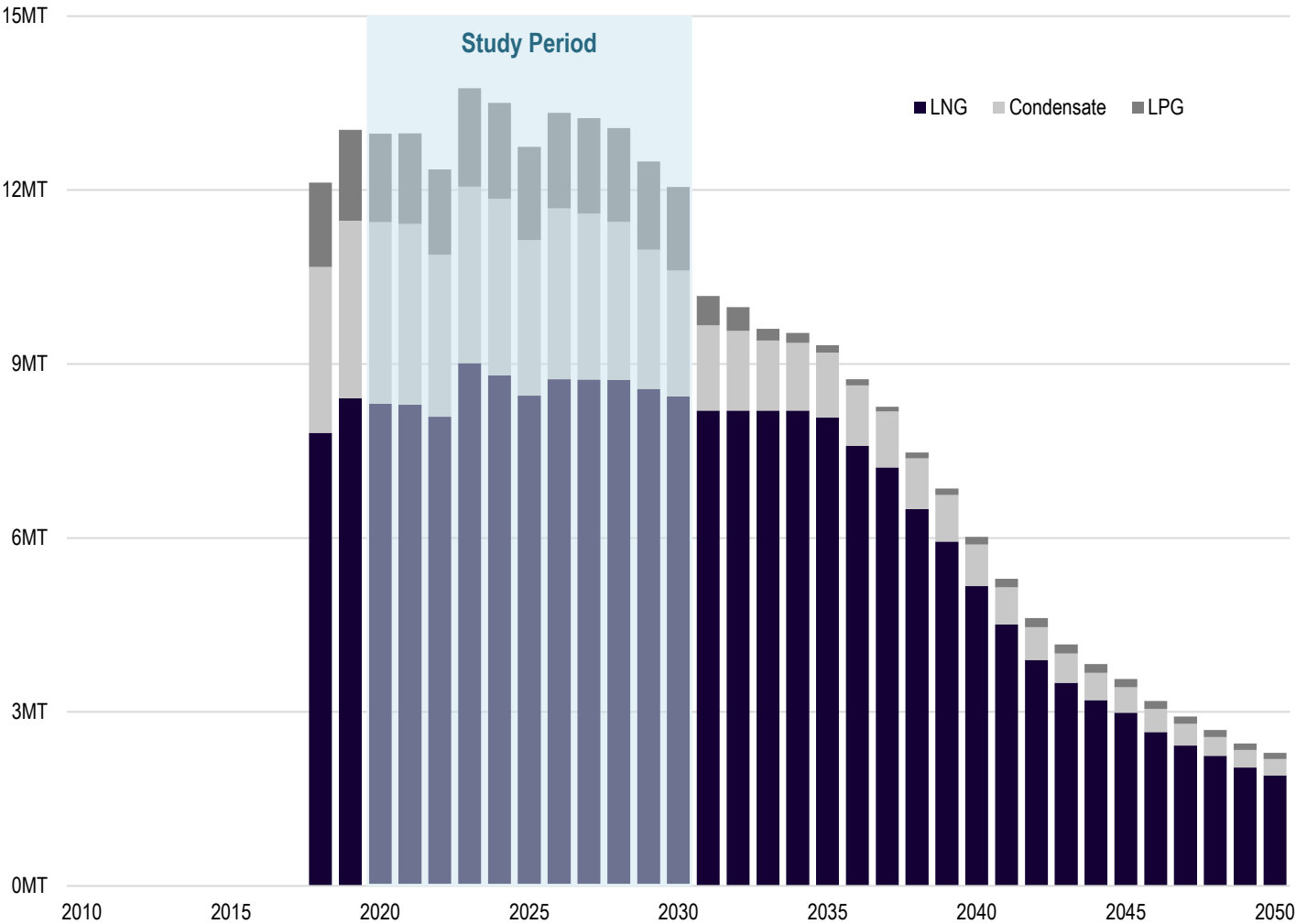
Summary Presentation



**ACIL ALLEN**

# Ichthys LNG, 2020-2030: The next chapter

Ichthys LNG Production Forecasts, MT per annum



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Largest ever investment by Japanese company in Australia

#1

Largest ever investment project in the NT

#3

Currently the 3rd largest oil and gas project in Australia

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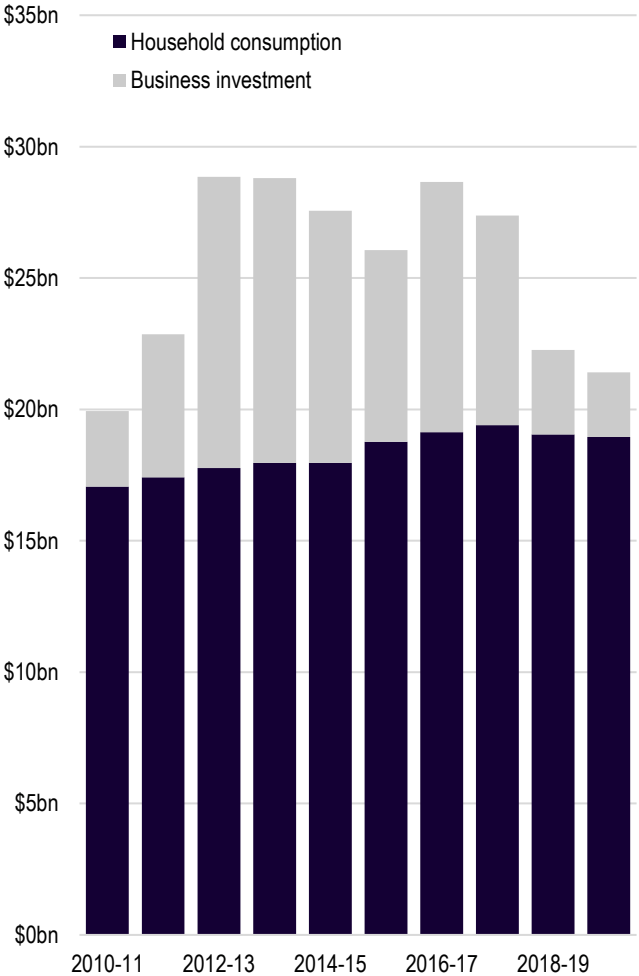
This study will estimate the economic and social impact of the INPEX operated Ichthys LNG in the NT during the operational period of 2020-2030

# Economic Context

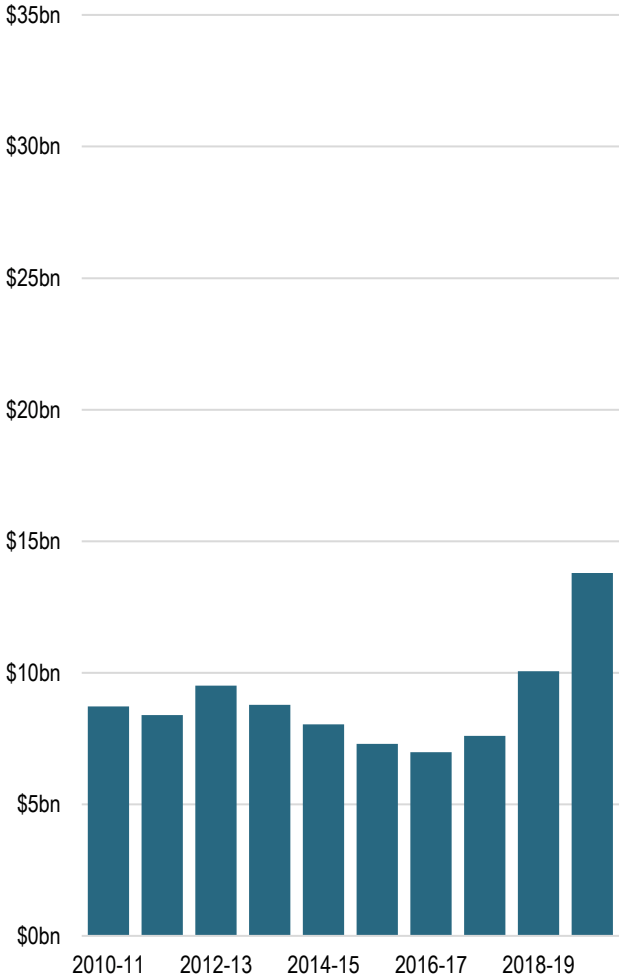


# Northern Territory Economic Context

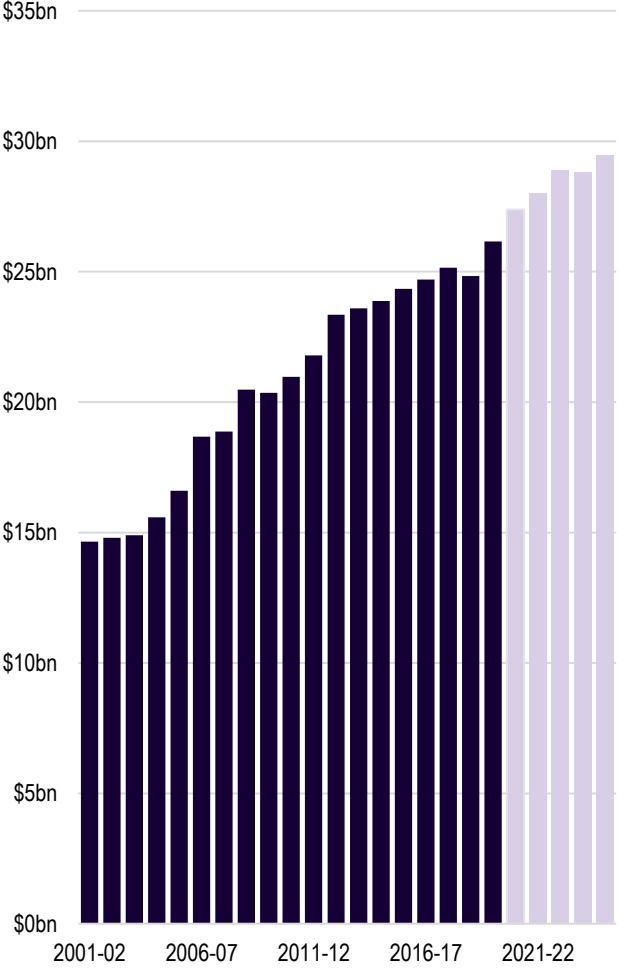
NT household consumption and business investment activity, \$bn



NT Exports, \$bn



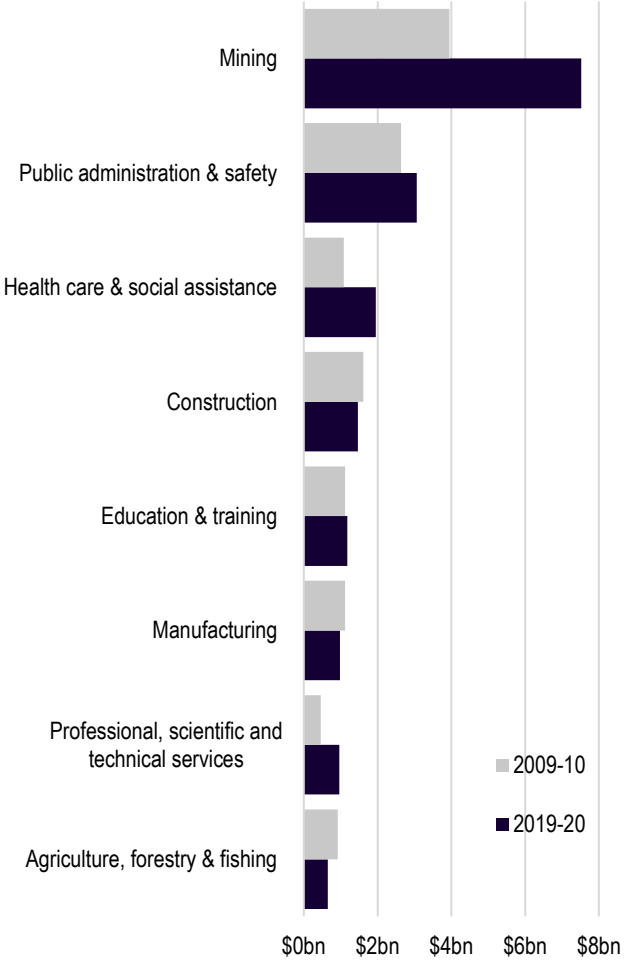
NT GTP\*, Actual and Forecast, \$bn



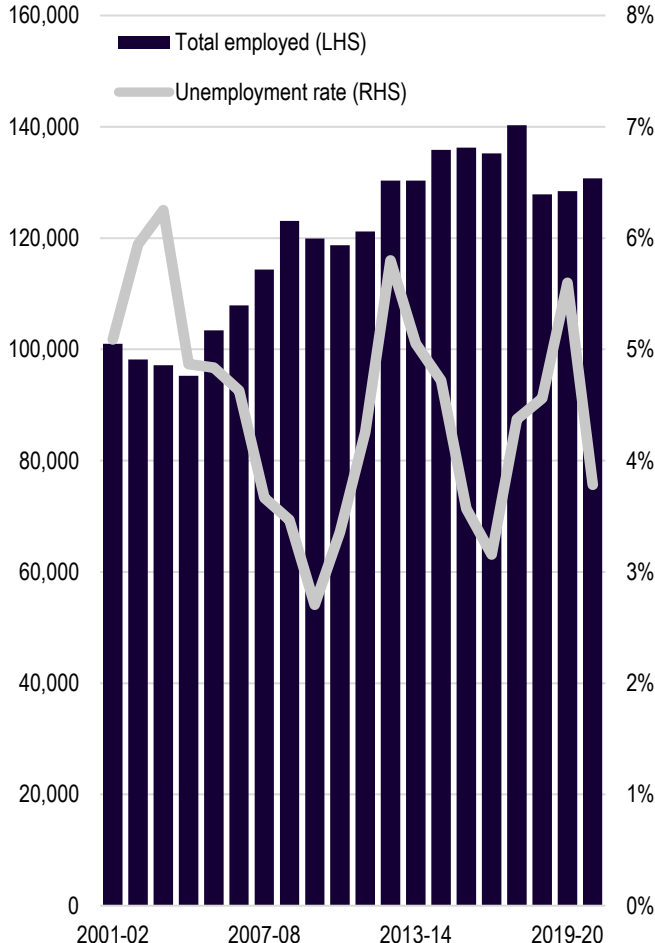
\*GTP = Gross Territory Product

# Northern Territory Economic Context

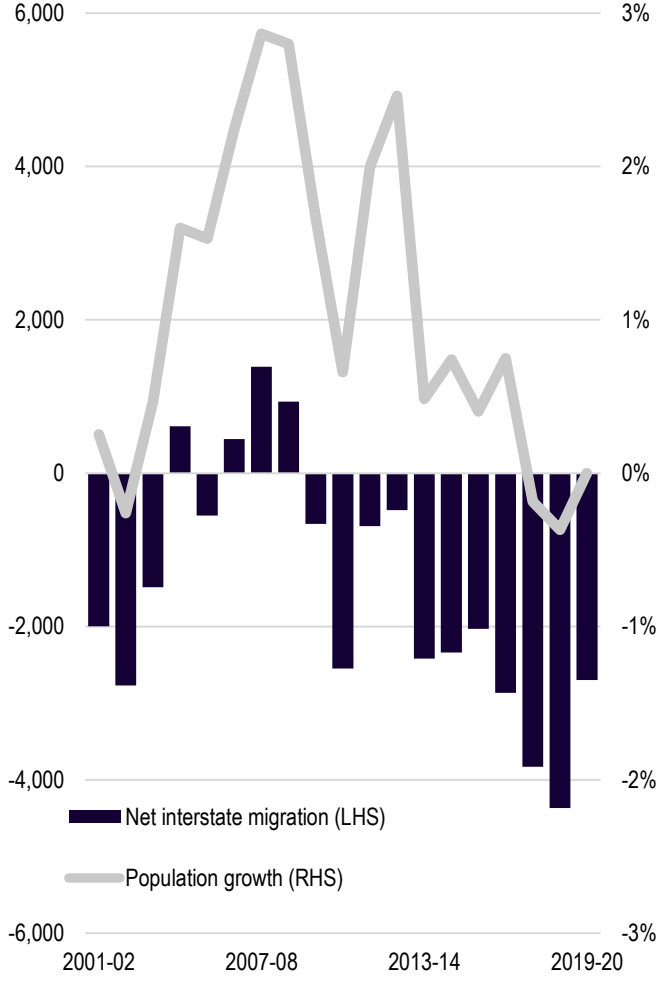
NT Gross Value Added by Industry, 2009-10 and 2019-20



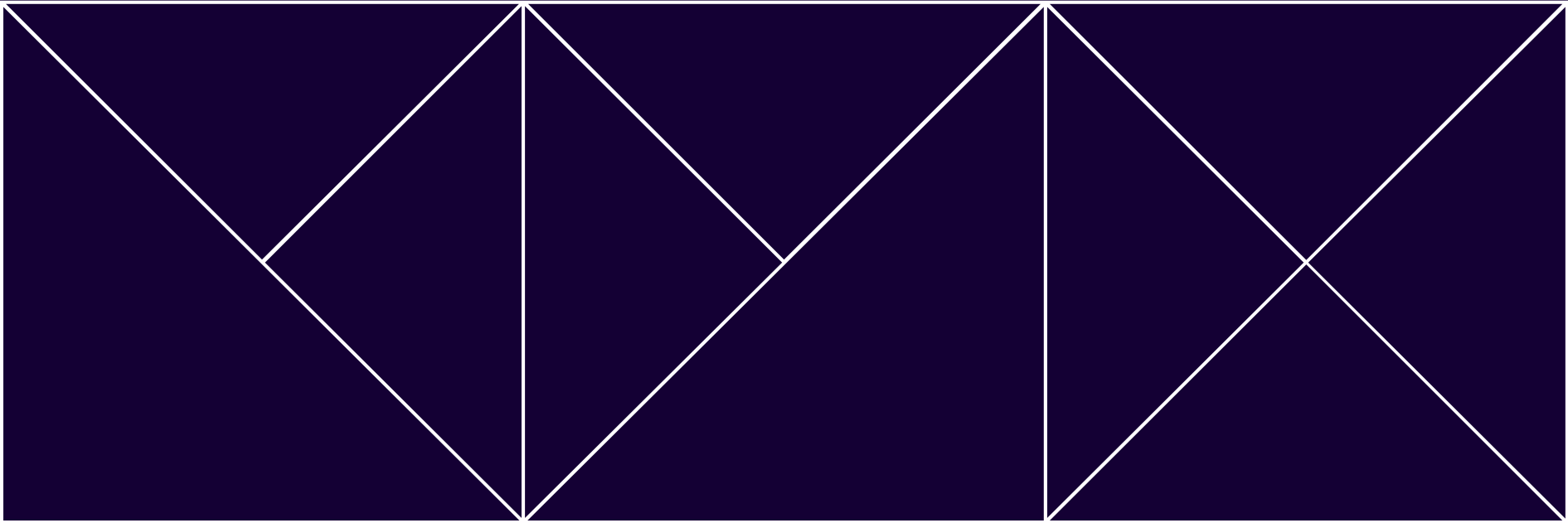
NT Total Employed and Unemployment Rate, Seasonally Adjusted



NT Population Growth and Net Interstate Migration



# Economic Contribution (2020-2030)

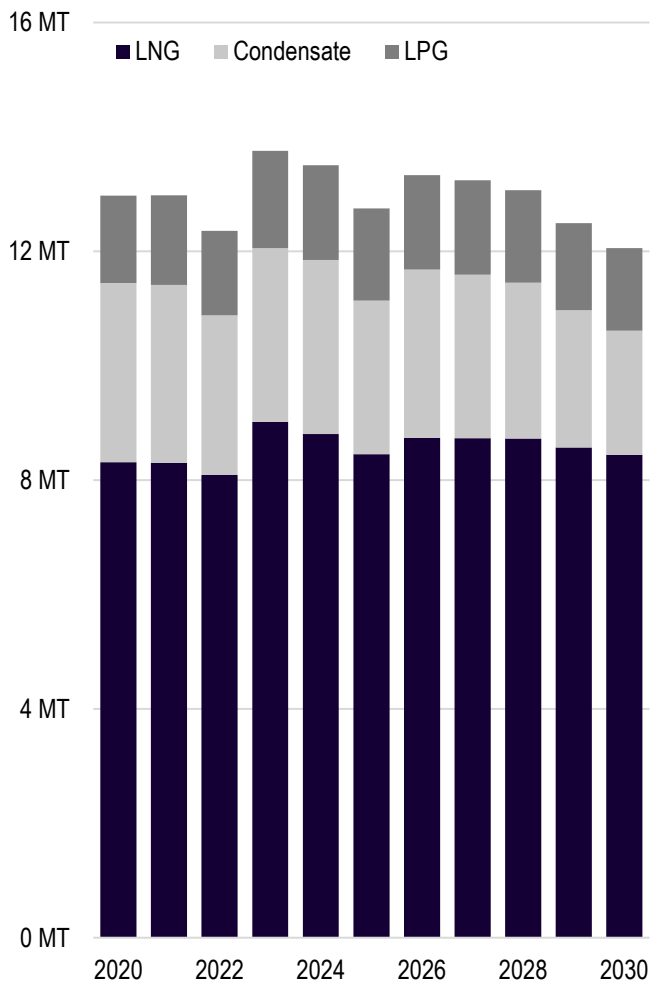


# Estimating the economic impact of Ichthys LNG to the NT economy

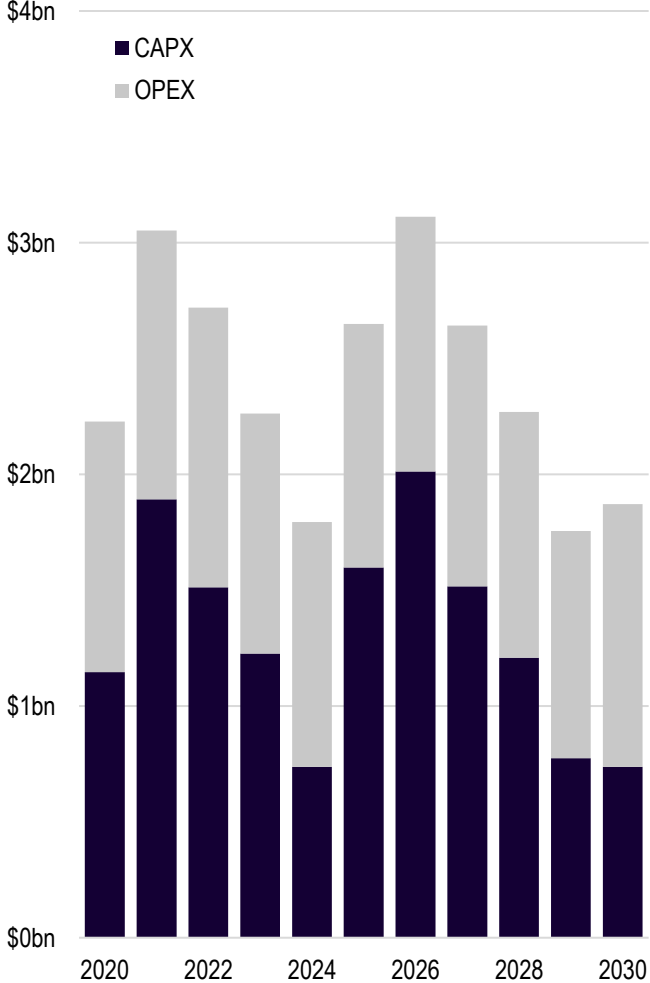
## Key assumptions

- Study period: 2020 to 2030
- Average production per annum:
  - LNG: 8.56 MT
  - LPG: 1.58 MT
  - Condensate: 2.8 MT
- All values are expressed in real Australia Dollar (\$) terms with a base year of 2020
- Price forecasts benchmarked to Brent crude oil forecasts provided by INPEX. Flat real price growth forecasts have been used to isolate the real impacts
- CAPEX and OPEX expenditure forecasts provided by INPEX
- Taxation estimates are based on the taxation laws at the time the study. Company tax estimates reflect the overall economics of Ichthys LNG over the study period
- **Forecasts do not include any potential future capital expansions**

## Production Volumes by Commodity, MTPA



## OPEX and CAPX Expenditure, \$b



# Impact on Output: Exports and Domestic Activity



## Highlights



**\$84.3 billion in exports between 2020 and 2030**  
 \$7.7 billion on average each year



**\$2.8 billion boost to the domestic economy between 2020 and 2030**  
 \$251 million on average each year

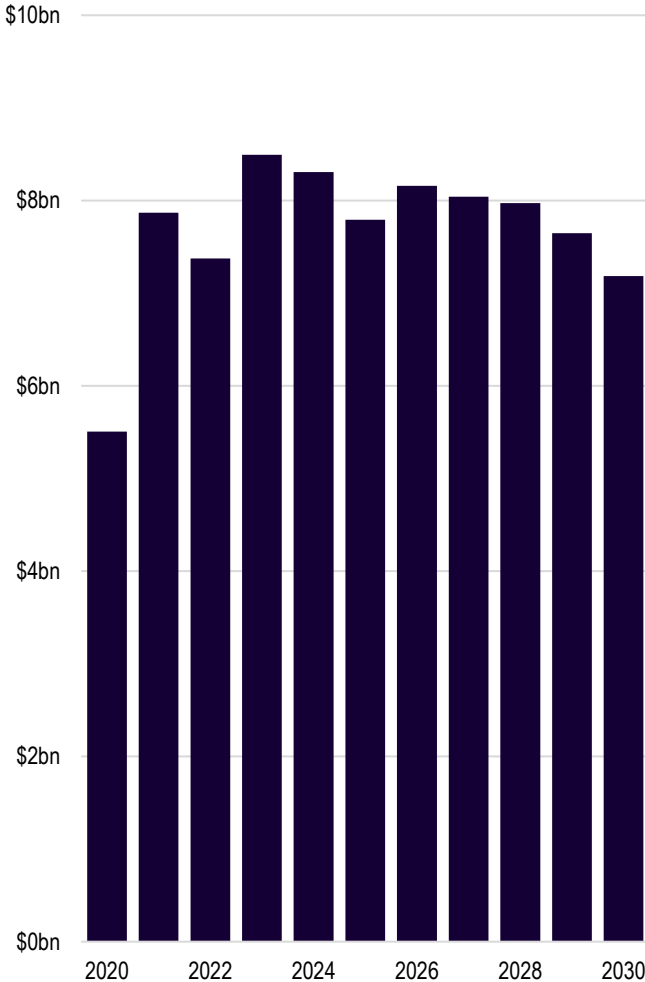


**Transport:** \$48.8m = 6.5% boost to the sector  
**Professional Services:** \$46.2m = 4.8% boost to sector  
**Rental, Hiring and Real Estate Services:** \$43m = 11.5% boost to sector

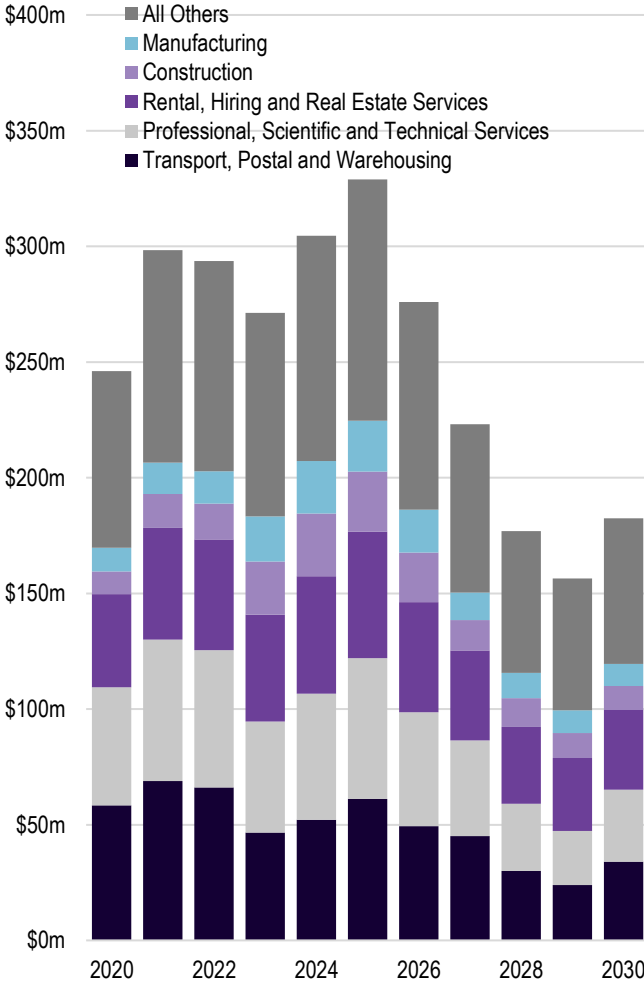


**Exports from the Project accounted for 12% of Australia's oil and gas exports in 2020**

Contribution to Australia's Exports, \$bn



Contribution to GTP, by Industry, \$m







### Highlights



**2,056 FTE jobs created or supported each year between 2020 and 2030**



**For every full time job employed on the Project, an additional 2.2 full time jobs are created or supported across the NT economy on average over the study period**

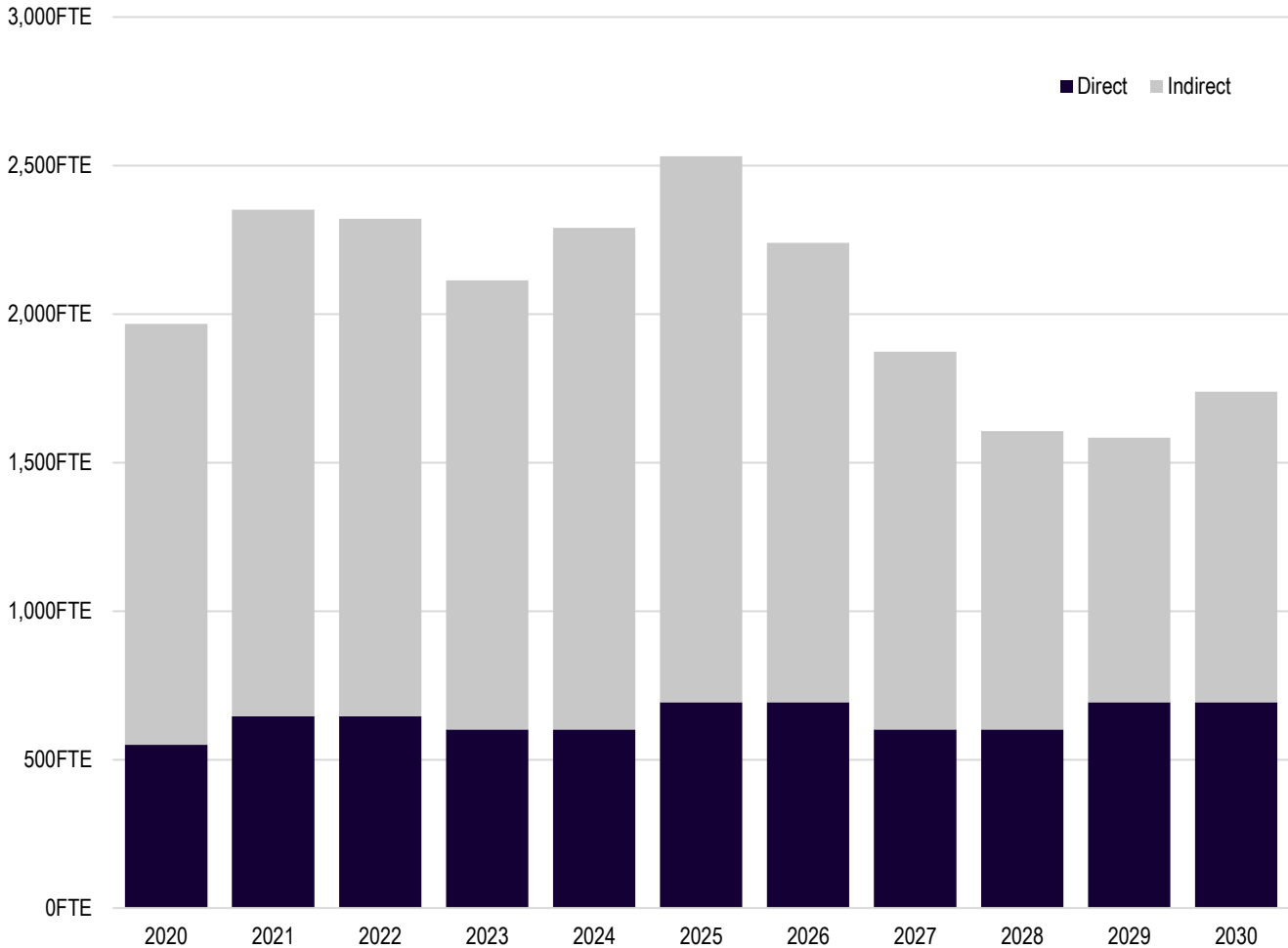


The total number full time jobs created by the Project is **greater than the average number of full time jobs in the NT Agriculture sector**



The indirect jobs created by the Project on average each year is **greater than the total number of full time employees in the NT Arts and Recreation Sector**

### Contribution to Employment, Northern Territory, Full Time Equivalent Jobs





### Highlights



**\$2.8 billion boost to wages and salaries in NT** between 2020 and 2030, averaging \$251m per annum



Wages and salaries directly paid by Project workers estimated to average \$132m per annum, with a further \$118m per annum paid to workers employed indirectly as a result of the Project

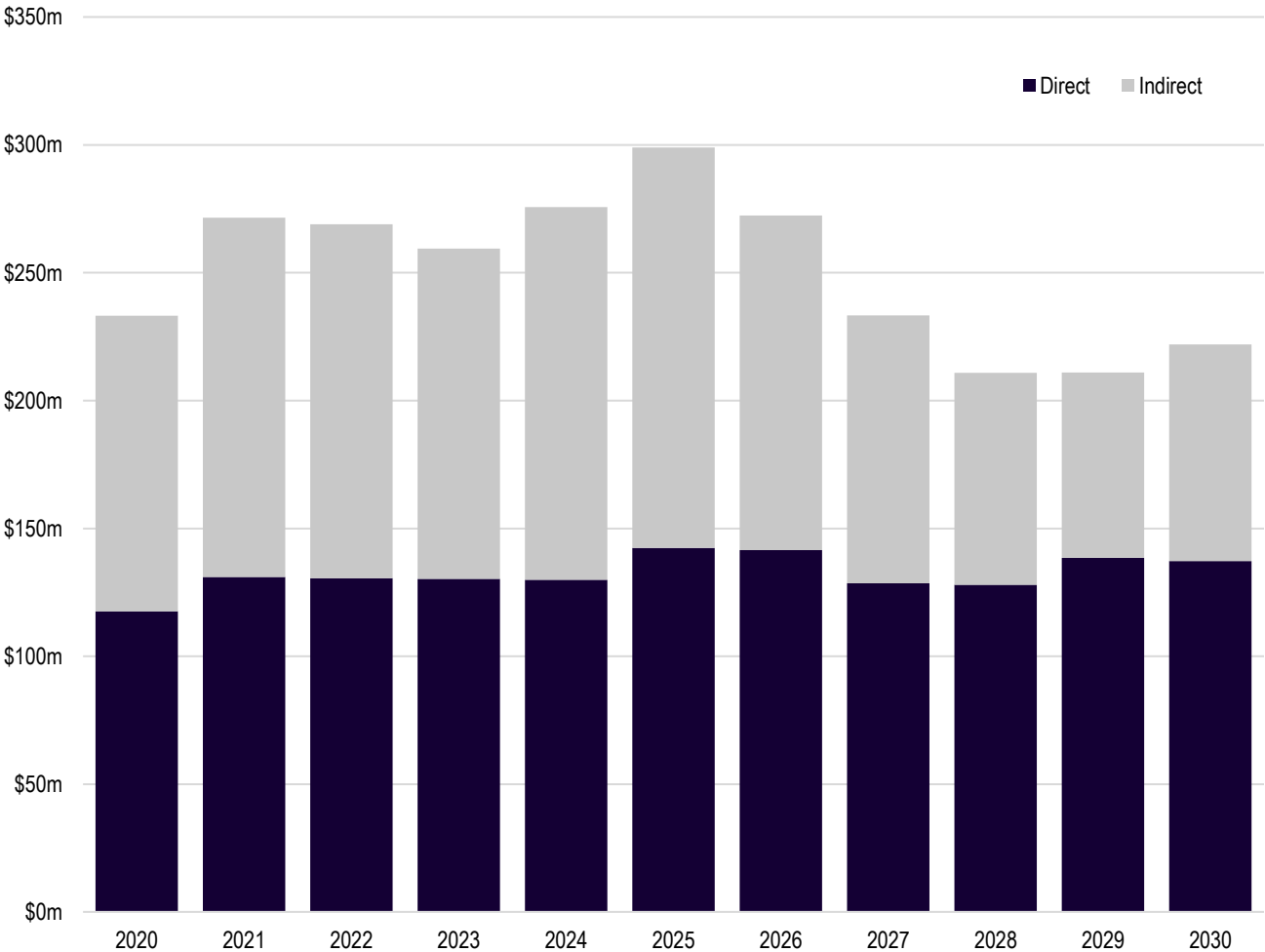


The boost to wages and salaries is **equivalent to an additional \$2,500 per annum for every full-time worker** in the Territory



Increased incomes will support additional spending on goods and services by Territorians – **potentially boosting retail spending by up to 7.7% each year**

Contribution to Incomes, Northern Territory, Real Terms, \$m



# Impact on Taxation Payments to Commonwealth and NT Governments



## Highlights



**\$7.1 billion in Commonwealth and Territory taxes** potentially payable, primarily after 2024  
Annual tax payments projected to peak at \$2 billion in 2025 and 2026

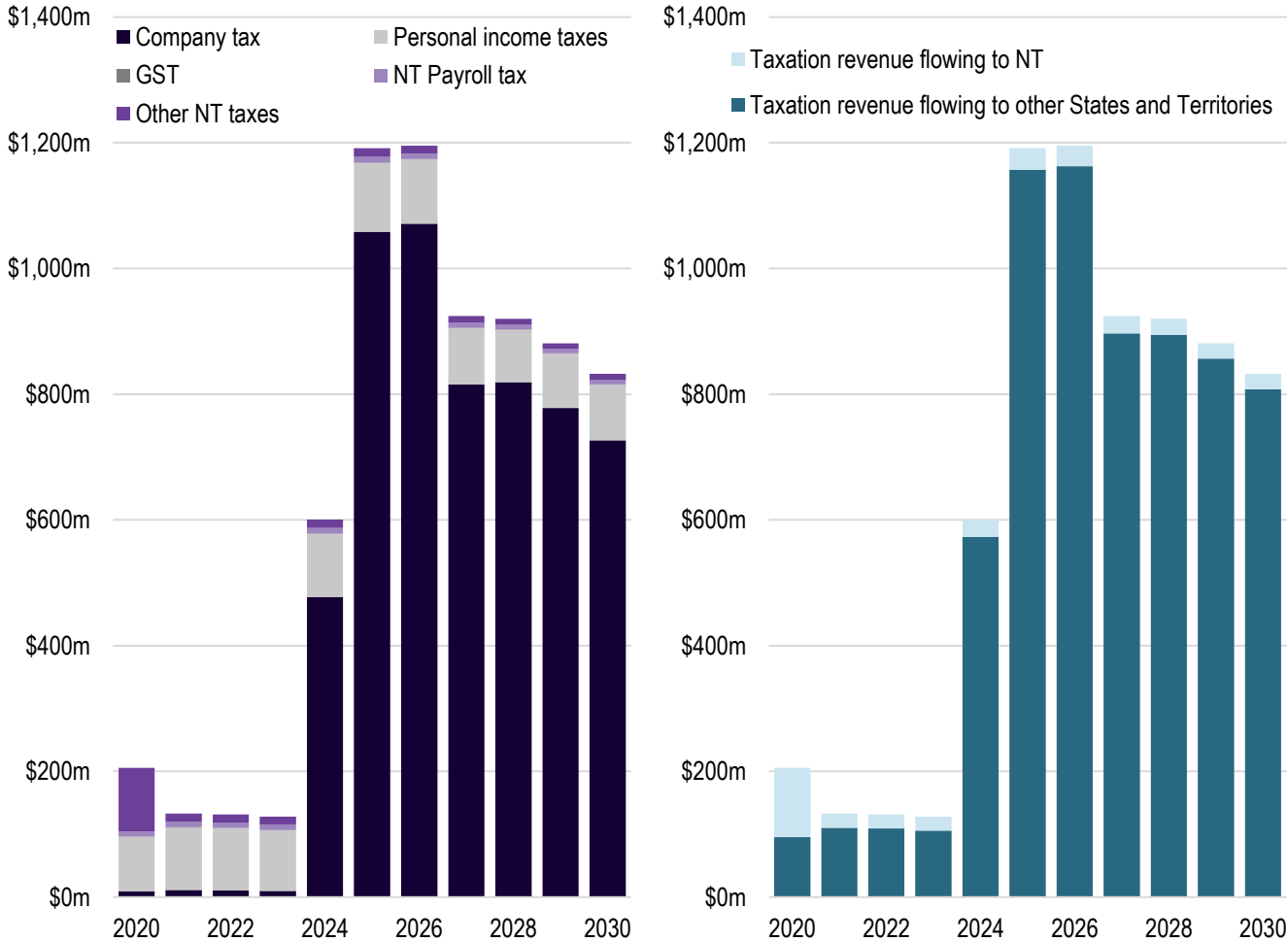


Almost **\$90m in payroll tax** is projected to be paid to the NT Government, and an estimated **\$225m in other NT taxes and charges and GST payments** between 2020 and 2030



The estimated average taxation payable to the NT Government is worth \$34.1m per annum. This is **enough to fund the development of two new primary schools every year over the 10 year study period**

Taxation impact, by head of taxation (LHS) and flow of taxation revenue (RHS), Real Terms, \$m



# Impact of higher oil price outlook

## Highlights



The economics of the Project is highly sensitive to price changes

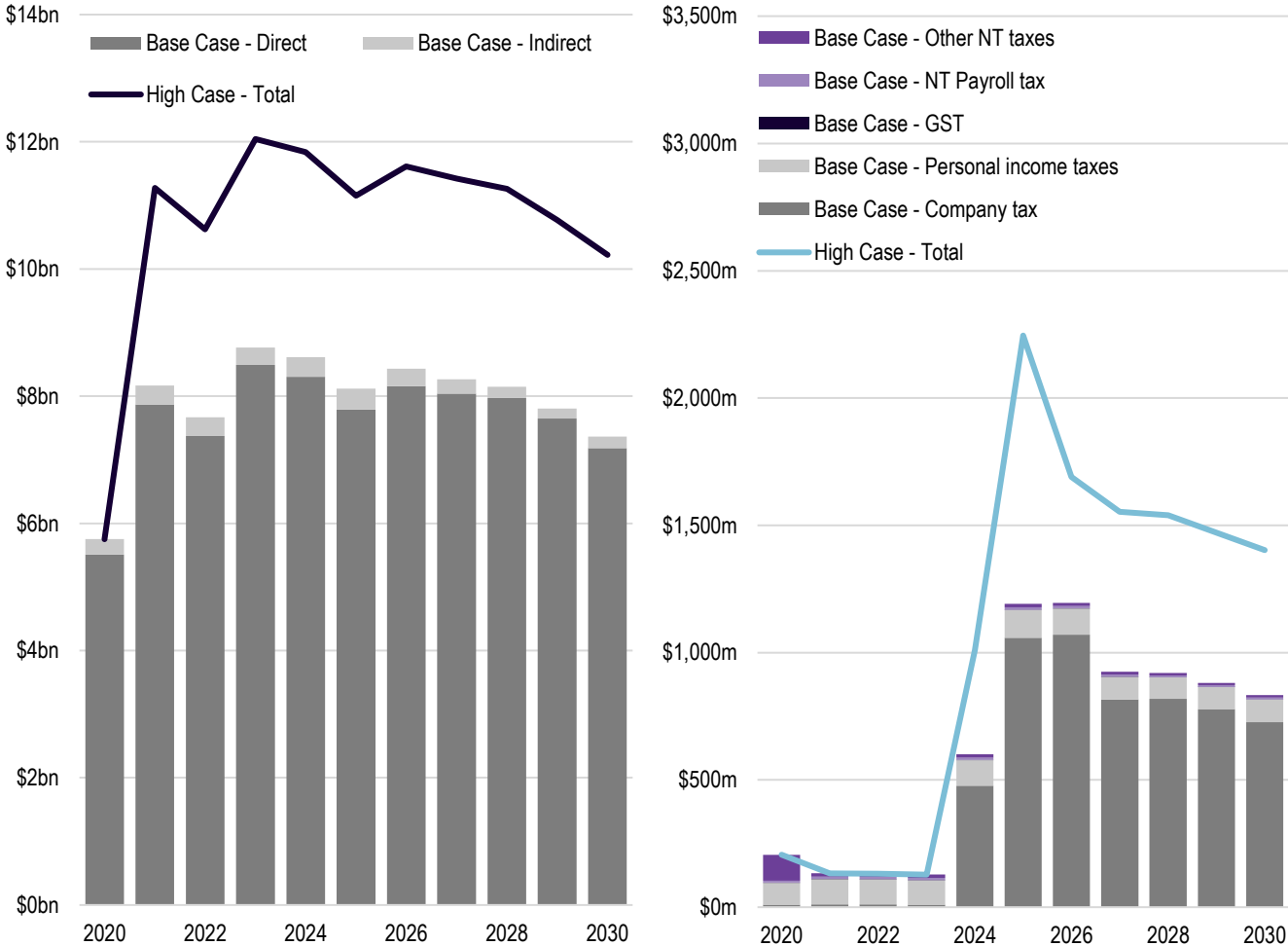


Under higher oil price outlook (US\$75), output is expected to increase 35% to \$10.7 billion per annum between 2020 and 2030

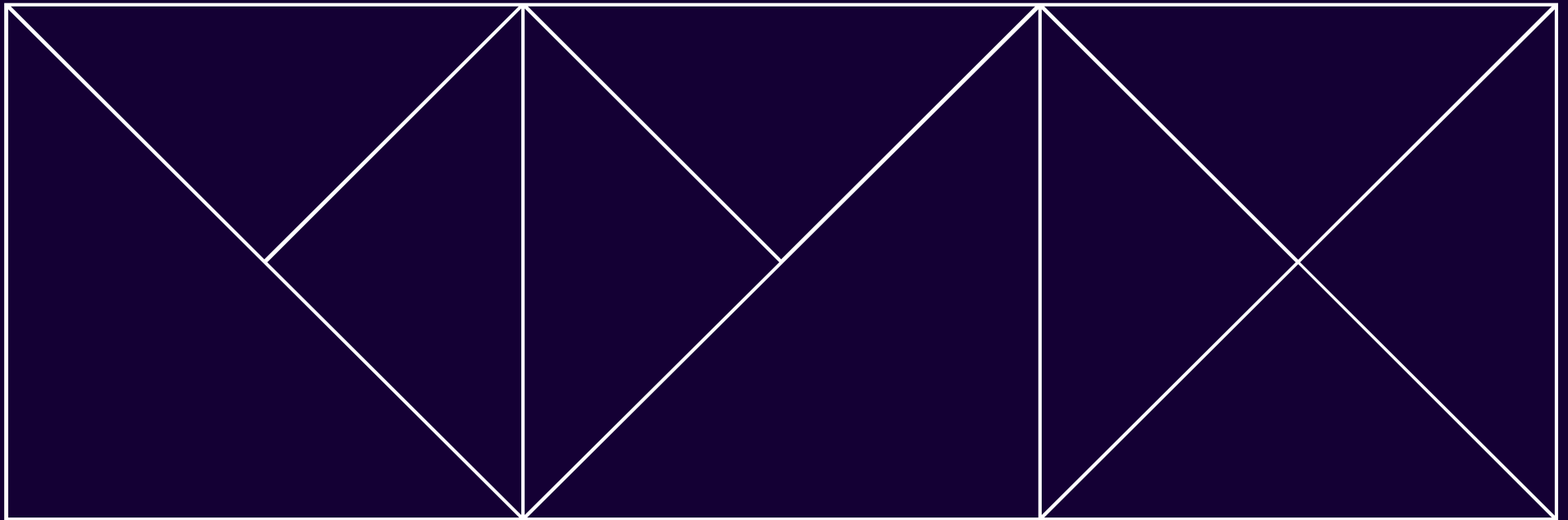


Under the higher price outlook (US\$75), taxation payments are expected to increase by 61% to total \$11.5 billion per annum between 2020 and 2030

High Price Outlook – Impact on Output (LHS) and Taxation Payments (RHS), \$m





# Social Contribution (2020)





# Workforce perceptions of INPEX in the NT community

In December 2020, ACIL Allen distributed a survey to INPEX’s workforce in the NT to understand workforce perceptions of living in the Territory and the role of INPEX in the economy and community more broadly.

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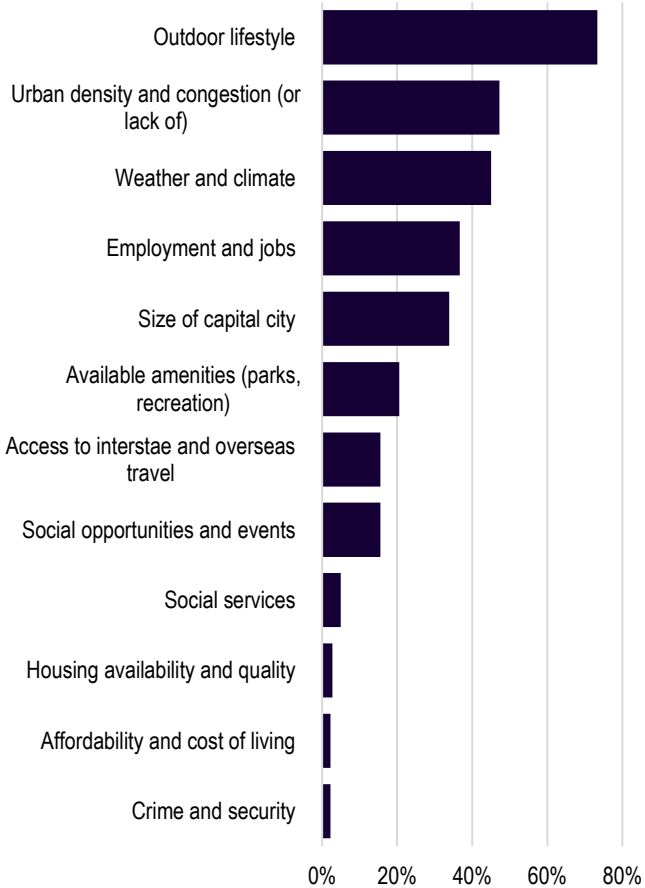
**265 respondents to the survey over a 4 week period with an average age of 41, predominantly male (77%), married (63%), with children (47%), home owners (63%) and active in the community (58%)**
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**40% of respondents indicated that they lived outside of the Territory prior to taking up a role with INPEX**
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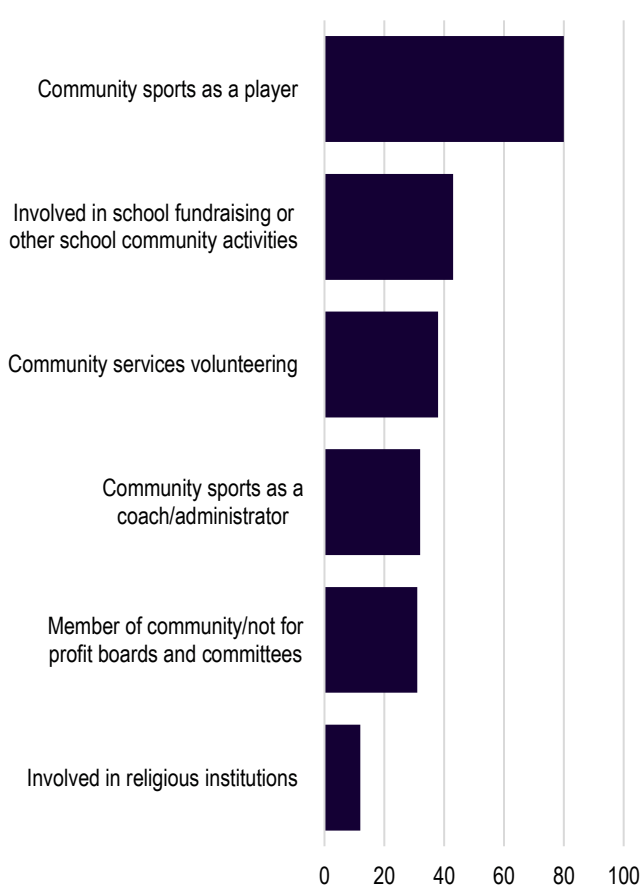
**58% of respondents indicated that INPEX played an “important” or “very important” role in the NT economy**
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**74% of respondents indicated they felt INPEX played a positive role in the community**

## Benefits of living in the Northern Territory



## Role in local community

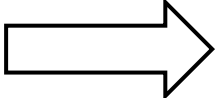


# Social Impact of INPEX in the Northern Territory

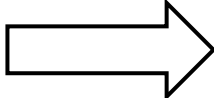
Total NT demographic footprint of the combined INPEX and TRACE operational workforce



550 INPEX and TRACE employees



Estimated that every direct INPEX or TRACE employee contributes an additional 2.33 residents in the Northern Territory



Estimated total NT demographic footprint of 1,832 people



Up to an estimated 1,006 Territorians moved to the NT due to jobs on Ichthys LNG since first gas in 2018

## Contribution to social services



92 childcare places



11,395 primary health enrolments



50,862 volunteer hours valued at a \$1 million contribution to the local community

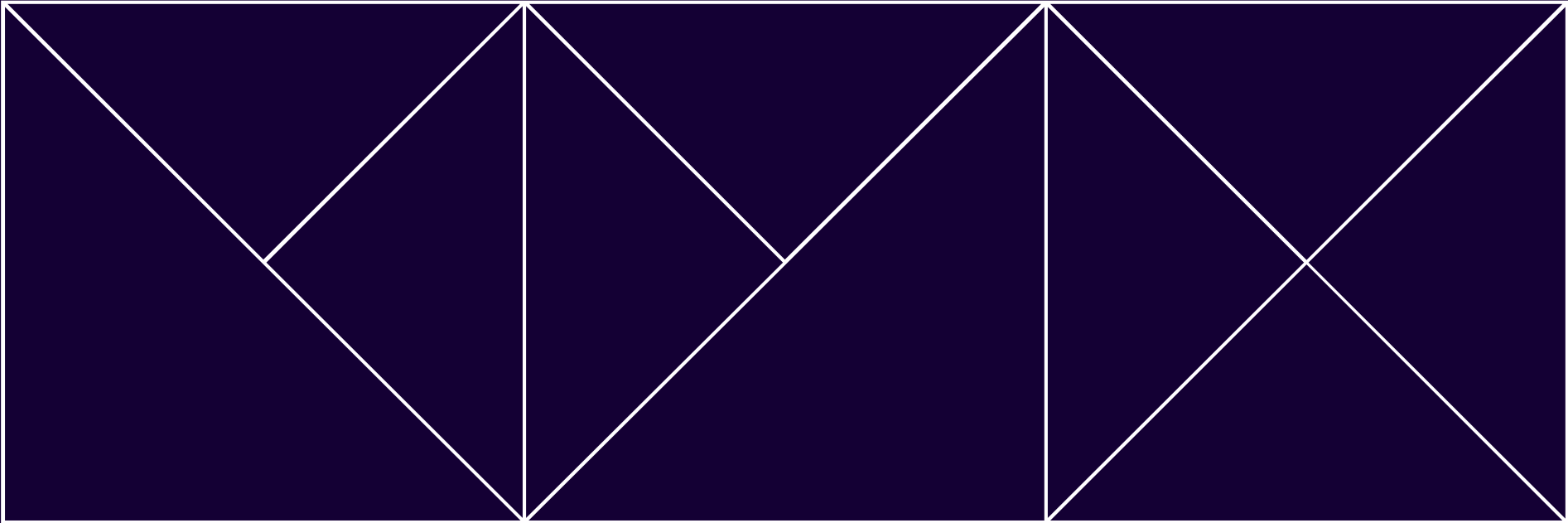


318 primary school enrolments



183 secondary school enrolments

# Ichthys LNG's infrastructure legacy





# Community infrastructure and programs

Whilst not quantified in this study, there significant economic and societal benefits arising from the infrastructure and other programs developed by the Project



### Jenkins Road

A high-grade road for the local community that alleviated pressure on roads in the Palmerston area during construction of the onshore processing facility at Bladin Point.



### Royal Darwin Hospital Helipad

Provided a significant boost to the RDH's ability to support critical care in emergency response situations, including accommodating larger helicopters and landings 24-hours per day.



### Darwin Harbour Dredging

A large dredging program costing approximately \$1 billion was required to provide a safe shipping channel through Darwin Harbour to Bladin Point to enable shipments from Ichthys LNG.



### Voluntary Offset Programs

Facilitating research that aims to improve environment and conservation outcomes in the Northern Territory.



### Larrakia Ichthys LNG Foundation Trust

Provides economic and social benefits for the Larrakia People over the life of the project.

# Case Study: Social benefits of the Centre for National Resilience to Australia



**Avoided incidence of lockdown**  
Prevented between \$365.7m and \$733.2m in lost economic activity



**Savings to the quarantine system**  
The cost to develop a purpose-built facility of this specification would be significant



**Avoided mortality / morbidity**  
Avoided between \$37m and \$74.1m in morbidity and mortality from a quarantine breach



**Enhanced amenity during quarantine**  
Facilities at the CNR make it a more enjoyable place to serve a period of quarantine



**Local Employment**  
Estimated \$46.5m in salaries and employment for over 750 people working for the NT Government or through its contractors

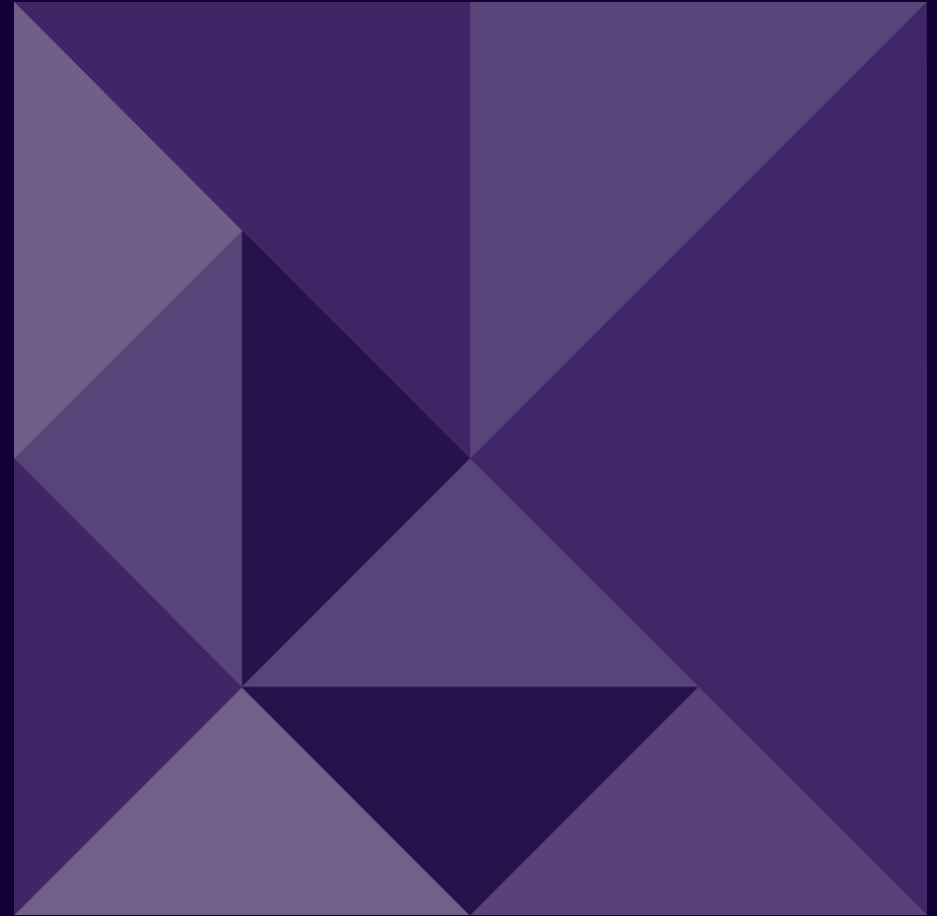


**More expedient repatriation**  
The CNR has increased the capacity of Australia to repatriate nationals leaving overseas

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Our purpose is to help clients make informed decisions about complex economic and public policy issues.

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