Economic and Social Contribution of Ichthys LNG in the Northern Territory

Summary Presentation
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**

- **Household consumption**
- **Business investment**

**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
$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
Impact on Jobs

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
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
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

- Company tax
- Personal income taxes
- GST
- NT Payroll tax
- Other NT taxes

- Taxation revenue flowing to NT
- Taxation revenue flowing to other States and Territories
Impact of higher oil price outlook

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.
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.

- **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%)
- **40%** of respondents indicated that they lived outside of the Territory prior to taking up a role with INPEX
- **58%** of respondents indicated that INPEX played an “important” or “very important” role in the NT economy
- **74%** of respondents indicated they felt INPEX played a positive role in the community

### Benefits of living in the Northern Territory

- Outdoor lifestyle
- Urban density and congestion (or lack of)
- Weather and climate
- Employment and jobs
- Size of capital city
- Available amenities (parks, recreation)
- Access to interstae and overseas travel
- Social opportunities and events
- Social services
- Housing availability and quality
- Affordability and cost of living
- Crime and security
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### Role in local community

- Community sports as a player
- Involved in school fundraising or other school community activities
- Community services volunteering
- Community sports as a coach/administrator
- Member of community/not for profit boards and committees
- Involved in religious institutions
Contribution to social services

- 92 childcare places
- 318 primary school enrolments
- 11,395 primary health enrolments
- 183 secondary school enrolments
- 50,862 volunteer hours valued at a $1 million contribution to the local community

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

Social Impact of INPEX in the Northern Territory
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

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

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

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

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

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

$450 million of total benefits to Australia since opening

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