

HERE FOR THE  
**LONG HAUL**



Credit: Capt. Serge Prakov

# AN **ECONOMIC IMPACT ASSESSMENT:**

The Ichthys LNG Project

# ABOUT THIS REPORT



INPEX, as operator of the Ichthys Liquefied Natural Gas (LNG) Project, commissioned ACIL Allen Consulting to provide an economic impact assessment of the Project's economic contribution to Australia, particularly Western Australia and the Northern Territory, from 2012 to 2050.

This report demonstrates the various ways in which the Project is making a significant contribution to the Australian economy and communities from early construction phase through to 40 years of operation.

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Northern Territory  
Western Australia



# ECONOMIC BENEFITS TO AUSTRALIA (2012 - 2050)



**\$195 billion**  
in exports for Australia.



**\$190 billion**

in additional  
Gross Domestic Product  
(GDP) for Australia.



**\$73 billion**

in taxation revenue  
generated for Governments  
in Australia at  
**\$1.9 billion** per annum.

**\$91 billion** increase in Australian real income.



More than  
**8000 people**

working on site in Darwin daily  
during peak construction.\*



More than **1100** Aboriginal and  
Torres Strait Islander peoples

engaged in Northern Australia through business  
contracts and employment.\*

The average annual increase in exports from the Project will be:

**Greater than total exports from the Tasmanian economy in 2015-16 (\$4.2 billion).**



**Around 89 per cent of exports produced in the Northern Territory in 2015-16.**



**Greater than Australia's total wheat exports in 2014-15.**



The average taxation payments generated from the Project to the Federal Government (\$1 billion per annum) would place the Project as **one of Australia's largest tax payers**.

**\$39 billion** taxation revenue will come from company tax payments over the study period.



An additional **\$10 billion** will be generated in GST payments over the study period.

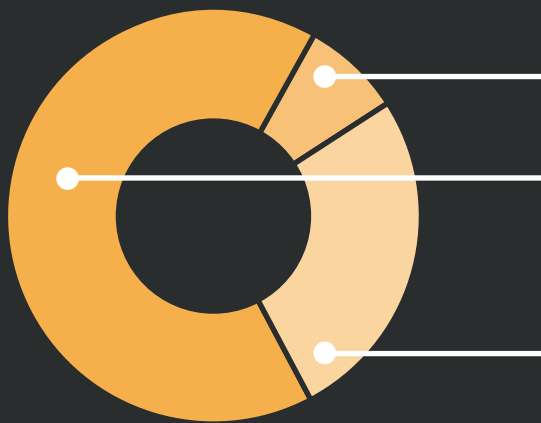


## CREATING JOBS

**1800 Full Time Equivalent (FTE) jobs** will be created on average per annum across Australia over 40 years.



## COMMITTED TO AUSTRALIAN COMMUNITIES



**> \$33 million\***



Development of training and education institutions in the Northern Territory



Improvement to local community road infrastructure and safety around Project work sites



Investment in community engagement initiatives (since 2012)

# ICHTHYS LNG PROJECT



- INPEX is the operator of the Ichthys LNG Project, headquarters in Perth, Western Australia.
- The Project is one of the **world's most complex gas developments**, incorporating the whole chain of development and production components—**subsea, offshore, pipeline and onshore**.
- Effectively **three mega-projects rolled into one** (two offshore processing facilities, an onshore LNG plant and an 890 kilometre pipeline).
- **Operating life** that extends more than **40 years**.
- **8.9 million tonnes of LNG** per annum production.
- **1.6 million tonnes of Liquid Petroleum Gas (LPG)** per annum production.
- More than **100,000 barrels of condensate** projected per day at peak production.

“Contributing to the Australian economy and community”

**Investing** billions of dollars in one of Australia's largest-ever resources projects.

**Creating** thousands of Australian jobs.

**Providing** significant taxation revenue for Australian governments.

**Bringing** multi-generational economic and community benefits to the people of Australia for the next 40 years.

INPEX



The Ichthys LNG Project is a Joint Venture between INPEX group companies (the Operator), major partner Total, and the Australian subsidiaries of CPC Corporation Taiwan, Tokyo Gas, Osaka Gas, Kansai Electric Power, JERA and Toho Gas.

# BOOSTING THE NORTHERN TERRITORY ECONOMY



The Ichthys LNG Project's onshore processing facilities are located at Bladin Point, Darwin, Northern Territory. This includes two LNG processing trains to produce Liquid Natural Gas (LNG), Liquid Petroleum Gas (LPG) and condensate, storage tanks, a combined cycle power plant, administrative facilities, utilities and a product load out jetty.

The offshore logistics hub, also based in Darwin, supplies critical materials (some 24,000 individual parts) needed to support the Project's central processing facility and floating production storage and offloading facility.

Overall Project commitments have to date resulted in more than \$8 billion flowing through the NT economy.\*

## LOCAL CONTRACTS

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More than 1100 Territory businesses have secured 3900 Project contracts and purchase orders.\*

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Awarded contracts to more than 60 Aboriginal and Torres Strait Islander businesses, amounting to more than \$134 million to date.\*

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## BOOSTING THE ECONOMY

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At peak production, the economic output is forecast to be \$4.5 billion per annum, before slowly reducing to a low of \$1.4 billion by 2050, in line with the lower levels of production expected towards the end of the Project's life.

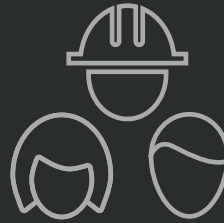
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The Project will generate **\$2.6 billion** in taxation payments to the Northern Territory Government over the study period. Once operational, around **\$56 million on average per annum** will flow to the Northern Territory – enough to build and operate one new school each and every year.



## LOCAL EMPLOYMENT

During operations, the Project will create hundreds of jobs and will require significant local goods and services benefiting local businesses and the community in the Northern Territory.



**\$118 billion** boost in economic output in the NT over the study period



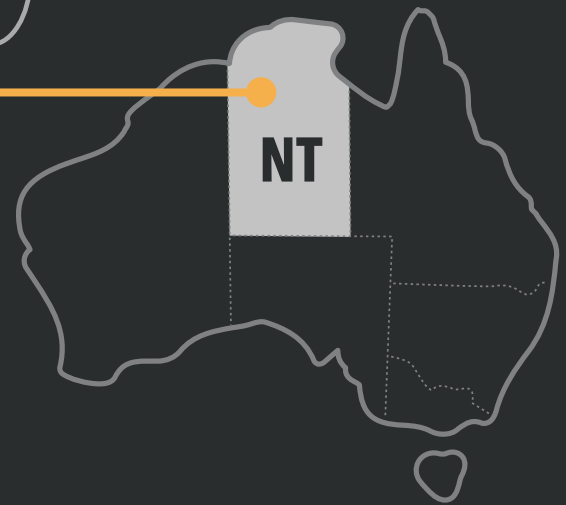
**\$14 billion** increase in real incomes for Territorians



**600 jobs** created on average per annum for 40 years (FTE)



**\$2.6 billion** in taxation revenue for the NT Government



Some **600 FTE jobs on average per annum** will be created in the NT on average per annum over the study period. This is equivalent to 100 small businesses being established in the NT.

(Based on each small business having a workforce of six FTEs).



Total economic output in the NT will increase by \$118 billion. Once operational, economic output will increase on average by \$3.4 billion per annum. **At peak production, the Project will boost the size of the NT economy by 15 per cent.**



# WESTERN AUSTRALIA ECONOMY A WINNER

In Western Australia, the majority of the Project's employees, contractors and consultants are located in Perth and Broome. Around 1500 personnel work in INPEX's office in Perth, which is more than Tokyo and any other INPEX office globally.

Broome is the closest mainland town to the Ichthys Field. It has a deep water port and airport that serves as a vital logistics hub for the Project's offshore activities.

Broome supports the Project's drilling program and acts as a transfer point for workers travelling to the Project's offshore facilities. The town also supplies construction and support vessels creating jobs and business opportunities for locally based businesses.

The Project is the largest user of the Port of Broome and Broome International Airport heliport.

## LOCAL EMPLOYMENT

The Project is forecast to create 1100 Full Time Equivalent (FTE) jobs on average per annum for the next 40 years in WA, to support activities in Perth, the Kimberley and offshore.

## ECONOMIC OUTPUT

The offshore processing of condensate will generate an average increase in real output of \$3.5 billion per annum for the first 20 years of production. In total, the processing of condensate off the Western Australian coast in Commonwealth waters is expected to total \$72 billion over the study period, which will be attributed to the Western Australian region.

The Project is forecast to generate an estimated \$8.9 billion of taxation payments for the Western Australian Government between 2012 and 2050.

The generated payroll tax payments to the Western Australian Government during operations is estimated at \$20 million per annum.

The Project will also increase real incomes in Western Australian by \$34 billion.



The Project will generate **\$8.9 billion** in taxation payments to the WA Government over the study period. Once operational, the Project will generate **\$241.4 million per annum on average** to the WA Government. This is enough to fund the education of 15,600 WA primary school students each year until 2050.



The total average job creation per annum once operational is **1100 FTEs**. This is equivalent to the employment that would be generated by 20 new supermarkets.

(Based on the average supermarket employing 55 employees, IBIS World).



**\$75 billion**

boost in economic output



**\$34 billion**

increase in real incomes



**1100 jobs**

created on average per annum for 40 years (FTE)



**\$8.9 billion**

in taxation revenue for the WA Government



## KEY ASSUMPTIONS

IN UNDERTAKING THIS ASSESSMENT, THE FOLLOWING ASSUMPTIONS HAVE BEEN MADE:

- THE STUDY PERIOD IS FROM 2012 TO 2050 TO INCORPORATE BOTH THE CONSTRUCTION AND OPERATIONAL PHASES OF THE PROJECT.
- ALL VALUES ARE EXPRESSED IN REAL DOLLAR TERMS WITH A BASE YEAR OF 2016, UNLESS OTHERWISE STATED.
- ALL VALUES ARE EXPRESSED IN AUSTRALIAN DOLLARS (A\$), AS MEASURED AGAINST AUD/USD EXCHANGE RATE.
- CAPITAL AND OPERATIONAL EXPENDITURE FORECASTS HAVE BEEN BASED ON ESTIMATES PROVIDED BY INPEX.
- PRODUCTION FORECASTS ARE BASED ON ESTIMATES PROVIDED BY INPEX.
- PRICE FORECASTS HAVE BEEN BENCHMARKED TO BRENT CRUDE OIL FORECASTS PUBLISHED BY THE ENERGY INFORMATION ADMINISTRATION, WITH AN ASSUMED EXCHANGE RATE OF \$US0.76.
- THE TAXATION ESTIMATES ARE BASED ON THE TAXATION LAWS AT THE TIME THE STUDY WAS UNDERTAKEN.
- AS PART OF THIS ECONOMIC IMPACT ASSESSMENT, ACIL ALLEN HAS ALSO MODELLED A CARBON PRICE FROM 2021, BASED ON ACIL ALLEN'S ASSUMPTION THAT SUCH A TAX WILL FORM PART OF AUSTRALIA'S TAX MIX SOMETIME IN THE FUTURE. THE RATE AT WHICH CARBON IS PRICED HAS BEEN ESTIMATED BY ACIL ALLEN.

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