

the Territory

Why Sunrise Gas Onshore is in the National Interest

Economic Benefits

The Centre for International Economics (CIE), as subcontractor to ACIL Consulting, was asked to analyse the macroeconomic implications for the Northern Territory and Australian economies of two Timor Sea gas development scenarios.

The CIE compared the likely differential in benefits from the floating liquified natural gas (FLNG) proposal (Scenario A), compared with gas coming onshore from the Sunrise field, with related onshore developments (Scenario B). Both scenarios assumed gas from Bayu Undan would come onshore.

Key findings:

The **additional** benefits to Australia of the gas onshore from Sunrise option compared to the floating LNG plant are:

- Over $15 billion in additional national wealth over the life of the project as measured by GDP (Gross Domestic Product);
- Employment of 4,400 full-time equivalents; and
- Government revenue of $110 million per annum, of which $100 million is collected by the Commonwealth.
- New, competitively priced gas supply to the eastern states which are expected to experience declining gas reserves over the next decade.

  ACIL has forecast that Queensland and South Australian consumers would receive sustained average gas price reductions of up to 9 c per Gigajoule and 10c per Gigajoule respectively.

These additional benefits do not include possible projects such as the expansion of the Gove alumina refinery and other petrochemical projects.

The **total** annual economic benefits to Australia from Sunrise and Bayu Undan gas coming onshore, with related onshore developments, are forecast to be:

- An increase of 46% to Northern Territory GSP and, for the whole of Australia, an increase of over $4 billion in GDP
- A permanent employment boost of 5,156 in the NT and over 10,600 for Australia as a whole; and
- Increase in revenues to the NT Government of $27 million and $210 million to the Commonwealth.

Summary Tables of Economic Benefits to Australia

Annual (from 2008) Economic Impacts on the Australian Economy

	Scenario A* (FLNG) $ Million	Scenario B* (Sunrise Onshore) $ Million	Difference (B-A) $ Million
Gross Domestic Product	3,003	4,024	1,021
Real Investment	94	129	35
Household Consumption	403	660	257
Net Overseas Exports	2,507	3,223	715
Government Revenue	134	244	110
Employment **	6,199	10,607	4,408

* Both scenarios A and B assume that Bayu Undan gas will be delivered to shore for an onshore LNG plant.

** Employment numbers are as expressed above, not $ Million.

Total Net Present Value*** Economic Benefits 2002-2027 for Australian Economy

	Scenario A* (FLNG) $ Million	Scenario B* (Sunrise Onshore) $ Million	Difference (B-A) $ Million
Gross Domestic Product	42,924	57,963	15,039
Real Investment	10,846	15,630	4,784
Household Consumption	6,670	10,788	4,118
Net Overseas Exports	25,650	31,673	6,023
Government Revenue	2,720	4,700	1,979
Employment – Construction**	9,968	14,286	4,319

* Both scenarios A and B assume that Bayu Undan gas will be delivered to shore for an onshore LNG plant.

** Employment numbers are expressed above, not $ Million.

*** NPV means total value in year 2000 dollars – Assumes a discount rate of 2.5%.