Jobs and growth
– can the gas industry be part of the answer?

JCIPP, March 2019
Gas market challenges

Issues to be addressed in this presentation:

• Federal context
• Opposition agenda
• International context
• Western Australia
• Upstream gas
• Further investment
• Jobs and growth
• Global leadership
• Export skills
• Relevance beyond WA
“Jobs and growth” – Coalition election slogan in 2016

13 May 2016
Federal context

- Reality may have been a little different

14 December 2017

Turnbull declares 'jobs and growth' a reality as employment surges

In a streak not seen since 1994, job numbers grow for 14th consecutive month, with greatest gains in Victoria and NSW

Politics

Australia slides further down the global rankings on jobs and growth

By Alan Austin | 21 May 2018, 8:00am | 26 comments

Malcolm Turnbull ought not be so brassy. Australia's jobs and growth situation is nowhere near as strong as he wants voters to believe.

In response to Thursday's jobs figures, Prime Minister Turnbull claimed:

"There are one million more Australians in work than there were when we were elected."

That is true. But it slides over the fact the adult population has increased by 1.4 million. One million jobs are not enough.

Global growth surge ignored

Turnbull further claimed:
Opposition agenda

- Opposition lining up jobs as a key election issue
- Focusing on wages, local content, regions

24 January 2019

6 March 2019
Debate is heating up, despite the fact that an election has not yet been called.
International context

• Positive signs globally
• US jobs market can have an impact on oil and gas in Australia

19 December 2019
“Local content, local jobs, local gas”- McGowan’s mantra

7 September 2017

5 March 2019
Western Australia

- Again, reality hits

20 April 2018

23 February 2019
Upstream gas – current context

- We now have 10 LNG liquefaction plants around Australia
- 7 of these were constructed in past decade
- Australia is now the world’s largest LNG producer
- We have the world’s first large scale Floating LNG
- We are the only country to convert Coal Seam Gas (CSG) to LNG
WA is gas rich

- There are huge, world scale gas reserves located offshore WA
- Recent projects such as Gorgon, Wheatstone, Ichthys and Prelude are producing some of these reserves
- There is plenty of gas still to be developed
Plenty of undeveloped gas

There are plenty of gas fields still to be developed offshore WA:

- Browse
- Scarborough
- Crux
- Burnside
- Crown
- Poseidon
- Equus
- Dorado

- All of these have the potential to be major gas projects
- The installed base of LNG plants along the coast enables tiebacks and third party processing
Geography remains our challenge

The gas fields are:

• Far from Perth
• Far from Australia’s major population centres
• Many of them are far offshore
Geography remains our challenge

• By contrast, Europe has a far more extensive gas infrastructure

• But there are way more people, and the distances are much smaller
Further investment already underway

The next wave of investment is already under development:

- Woodside – Browse
- Woodside – Scarborough
- Shell – Crux
- Santos – Dorado
- Conoco Phillips – Caldita/Barossa
- Chevron – Gorgon Stage 2
- Chevron – Jansz Io compression
- Inpex – Ichthys 2B

All of these are major, world-scale projects
Jobs and growth

• Oil and gas is an international industry
• Global movement of people and skills is essential to success
• Government needs to understand and support this eg 457 visas
Jobs and growth

- Upstream oil and gas is very efficient and technologically advanced

- The direct jobs are relatively few compared with other industries

- But the industry facilitates jobs growth throughout the wider economy and services sector
Jobs and growth

WA’s LNG taskforce

• This is a positive move
• But it needs to be backed up by action
• It needs to be backed up by resources in all senses of the word
• In particular it needs real funding
Jobs and growth

• Oil and gas provides the opportunity for well paid, highly skilled careers.
• It provides the opportunity for Western Australians to work all over the world.
• And, importantly, it fuels growth in the wider economy, resulting in jobs in other sectors.
Jobs and growth

- Oil and gas skills are international and globally mobile
- They won’t necessarily stay in WA, or even in Australia

*But does this matter?*

- Skills development policies need to start from the top, not the bottom.
- We need world class skills to compete globally
Global leadership

Where can Australians lead the world?

• Construction on a grade A nature reserve
• The world’s largest non-government quarantine operation
• Global mega-projects
• Remote construction and logistics
• Large scale FLNG
• World’s largest floating facility
• CSG to LNG
Export skills

• Need support to small medium enterprises (SMEs) and supply chain to develop their skills

• They need skills to export and access global markets

• Norway has been very effective with the establishment of Norwep in 1997

• But Norwep is supported and, importantly, funded by government and oil companies
The world is a big place:

• SMEs/supply chain need export skills:
  How to find customers
  How to articulate their offering
  Differentiation
  Why me?

• Government can provide these skills

• It’s teach a man to fish!
Relevance beyond WA

• If Western Australians have world class skills they can work all over Australia as well as internationally
• If the WA economy is stronger, we pay more tax
• More tax is still good for the rest of Australia (even after the GST distribution reforms)
• WA gas is available to the east coast gas market via LNG import terminals under development – eg Port Kembla
Can the gas industry be part of the answer?

- Jobs and growth are current issues across the political spectrum
- In Western Australia, there is plenty of gas, much of it underdeveloped
- The next wave of investment is already underway
Can the gas industry be part of the answer?

- Upstream gas provides direct jobs, and employment throughout the wider economy
- It enables Western Australians to develop world class skills
- It enables Western Australian businesses to access global markets
- It’s good for Western Australia, it’s good for Australia, and it’s good for business.