

## Varanus a \$2B blow for WA economy

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**THE Varanus Island explosion that cut Western Australia's gas supplies by 30% will cost the state's economy \$2 billion by the end of the financial year, according to the Department of Treasury and Finance.**

WA Treasurer Troy Buswell was quoted by the *West Australian* as saying yesterday that the June 3 explosion at Apache Energy's gas processing plant has had a significant impact on the WA economy and the department's economic modelling highlighted the need for a coordinated state energy plan.



Fire damaged pipelines at Apache Energy's Varanus Island gas processing plant

"That's \$2 billion of economic activity that the state will not recover," he said.

"The positive though, is that the WA economy is still significantly robust enough that the \$2 billion impact of the Varanus Island explosion will basically be offset by the continuing economic growth that the state is enjoying."

The department's report comes two months after former WA treasurer Eric Ripper estimated the explosion would trim the WA economy by \$1.8 billion over the next five years.

Buswell, who previously said a royal commission was the only way to uncover the truth behind the saga, said he supported Premier Colin Barnett's view that the state government should wait for the National Offshore Petroleum Safety Authority report before any further inquiry was decided on.

The report's figures also showed that gas-fired electricity was the most affected industry, losing about one third of its added value for the year, while businesses were forced to pay highly inflated prices for gas at the height of the crisis, with increases of between 450-640%.

According to the *West Australian*, Buswell said he would not comment on the prospect of compensation claims from businesses hit by the crisis.

Even though Apache Energy has since resumed partial gas supply, full production of 300 million cubic feet per day is not expected until December.