

West Australia Gas Blast to Cut Economic Growth, Treasurer Says

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July 24 (Bloomberg) -- Western Australia, generator of more than a third of the nation's exports, said a blast that cut natural gas supplies probably reduced the state's economic growth by 0.5 percentage point in the year ended June 30, 2008.

The June 3 explosion that damaged pipelines at Apache Corp.'s plant on Varanus Island in the state's northwest, cutting 30 percent of Western Australia's gas supplies, may have limited growth to 7 percent in the period, Treasurer Eric Ripper said in a statement.

Growth in the state's economy in the year to June 30 was still expected to reach the state's budget forecast of 6.25 percent, the statement said. The blast will reduce the gross state product by A\$1.8 billion (\$1.7 billion) up to June 30, 2012.

On July 10, the Chamber of Commerce and Industry said the energy shortage may cost the state A\$6.7 billion. Western Australia's forecast growth for the 12 months to June 30, 2009, was expected to decline by a percentage point, the chamber said.

"Despite this initial reduction in growth, Western Australia's economy is still expected to be the fastest growing state in 2007-08 and 2008-09, and remains on track to record its third consecutive year of growth above 6 percent," today's statement said.

Apache said June 23 it expects to resume by mid-August 57 percent of supplies from the blast-damaged plant on Varanus Island, with full capacity to be returned in December.

Source: Jacob Scott



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