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## More Gas Brings Relief

Kwinana Industry is heaving a huge sigh of relief, following Apache's announcement the crippled Varanus Island natural gas plant will return to partial production tomorrow.

"For the last two months, Western Australia's heavy industry has felt the weight of the gas shortage," said Kwinana Industries Council director Chris Oughton.

"Fortunately there have been no job losses, but there has been a massive cost: caused by the combined effects of lost production, a much higher cost of raw materials, the uncertainty of gas supplies and there has also been the risk of customers going elsewhere and not returning.

"Unfortunately it is nothing like a return to full production, which does not look like happening until December and it is not the 60 percent we were promised: but a partial return does mean work is progressing on Varanus Island," he said.

KIC agrees with CCIWA estimates the gas shortage has cost to State's economy \$2.4 billion and that, combined with the energy shortage, it has punched a \$6.7 billion hole in the State's business production forecasts.

Apache's forecast of 120 terajoules by the end of business tomorrow, 240 terajoules a day by the middle of the month and a return to full production of 350 terajoules by December gives heavy industry a reasonable framework for planning, Mr Oughton said.

"None of the big companies have been forced to shut down completely; they have coped by bringing forward maintenance projects," he said.

"But many have had to close individual processes and there has been a series of knock-on effects."

Mr Oughton said these range from the seemingly trivial but important difficulty of sourcing clean uniforms caused by the closure or reduction in laundry operations, through to the high cost and sometimes less efficient mode of running plants on alternate fuels.

The Kwinana Industrial Area, when running at normal speed, has an annual output worth \$16 billion. Its twelve major companies employ 5,000 people directly and 26,000 indirectly.

"The situation will remain tight and fragile until full production is resumed, which highlights the need for the State Government to work fast on the creation of a responsible energy policy, and to ensure that the State is fully prepared to respond swiftly and effectively should energy supplies again be disrupted.

"The Kwinana Industries Council and its member companies – which represent many of the state's major industrial players – look forward to working with the State Government to achieve this vital outcome," he said.