

Thursday, 3 April 2008

FUNDING MODEL FOR DESALINATION PLANT ANNOUNCED

Treasurer Kevin Foley says the State Government has decided that Adelaide's desalination plant will be financed by SA Water – and not by a Public Private Partnerships (PPP) scheme.

Mr Foley and Water Security Minister Karlene Maywald made the announcement today about the 50 gegalitre desalination plant which the Government expects to be delivering water to the people of Adelaide by the summer of 2011/12.

Mr Foley says the Government has chosen to use a procurement option more commonly known as Design, Build, Operate and Maintain (DBOM) following an extensive review by consultants KPMG.

Under the DBOM approach, SA Water will issue a competitive tender for the private sector to design, build, operate and maintain the plant over a fixed concession period, with SA Water providing the project finance.

The Treasurer says the DBOM option came out in front after considering all the critical aspects of a project that is vital to secure the long-term future of Adelaide's water supply.

“KPMG considered objectives such as how quickly the plant could be up and running, the cost, it's ability to expand if necessary in the future, the complexity of the procurement process and the risks for each option,” Mr Foley says.

“KPMG's analysis was undertaken by senior staff with extensive experience in the procurement of water infrastructure.

“The Rann Government is committed to giving the people of Adelaide a desalination plant on time and on budget.”

He says that a key consideration in selecting the DBOM approach rather than a PPP was KPMG's advice that the plant could be delivered in a shorter timeframe.

“I am a big supporter of PPP as a procurement option and in other Government projects, including schools, prisons and hospitals, they are entirely appropriate.

“A desalination plant is a vital resource and it is important that the Government has maximum flexibility in the operation of the plant to ensure costs to SA Water customers are minimised,” Mr Foley says.

Minister Maywald says planning is well and truly under way for the plant, with a number of contracts awarded this week for independent technical advice and expertise in the planning process.

“I’m pleased to announce Kevin Osborn will independently chair a cross-agency steering committee to manage the project. Mr Osborn is also a member of the Economic Development Board and will bring an enormous wealth of experience to the project.

“The contract for constructing a pilot plant at Port Stanvac has been awarded this week to Adelaide-based ***Water Technology Australia***, which will start work immediately.

“By July this year, the pilot plant will begin assessing the filtration and pre-treatment technology required for the full-scale 50 gigalitre plant.

Mrs Maywald also announced that independent external consultants have been appointed to provide expert advice on elements of the project including:

- Design and technical aspects;
- Community consultation;
- Probity;
- Appropriate governance and risk;
- Commercial and financial aspects;
- Engineering; and
- Environmental.

“A \$3 million baseline environmental assessment is continuing for the Gulf St Vincent and will be complete by the end of 2008.

“An Independent Environmental Technical Review Panel involving experts from around Australia is reviewing all environmental work for the plant such as marine ecology, desalination outfall dynamics and eco-toxicology.

“The Government is committed to making the plant carbon neutral and work is continuing on how this will be achieved, including what mix of energy sources could be used.

“Community consultation will include forums, information days, site visits and briefings for interest groups,” Mrs Maywald says

Any community member or group wishing to be part of this can register their interest by either contacting the project hotline 1800 812 362 or visiting www.sawater.com.au.