

Implementation Plan for Adelaide Desalination Project (50GL/yr plant)

NATIONAL PARTNERSHIP AGREEMENT ON WATER FOR THE FUTURE

PRELIMINARIES

- A1 This Implementation Plan is created subject to the provisions of the *National Partnership Agreement on Water for the Future* and should be read in conjunction with that Agreement.
- A2 As part of the Water for the Future initiative, the Australian Government has committed to be a financial partner in a desalination plant to assist Adelaide diversify its water supply and reduce its reliance on the River Murray.
- A3 The Commonwealth has agreed to provide financial assistance of \$100 million for a 50GL/yr desalination plant for Adelaide from the National Urban Water and Desalination Plan. The Project is scheduled to be completed by 30 August 2011. It is consistent with the objectives and funding criteria for the National Urban Water and Desalination Plan.

PROJECT

Project Objective

- A4 The objective is to build a 50GL/yr desalination plant to assist Adelaide diversify its water supply and reduce its reliance on the River Murray.

Roles and Responsibilities

Commonwealth

- A5 The Commonwealth is responsible for reviewing the State's performance against the Project Milestones in accordance with this Implementation Plan.

State

- A6 The State will have responsibility for:
 - (a) completing the Project in a timely and professional manner in accordance with this Implementation Plan; and
 - (b) meeting all conditions including providing Reports, in accordance with this Implementation Plan

- A7 The State agrees to establish an ADP Project Committee (the Committee) to monitor and oversee the implementation of the Project. A Commonwealth representative will be an observer and may attend and participate in quarterly meetings (via telephone or in person).
- A8 The State agrees to ensure that it continues to apply the National Water Initiative (NWI) pricing principles.
- A9 The State agrees to maintain its commitment to source 100 per cent of its energy needs from renewable sources or fully offset the carbon impact from the plant's operations over the life of the asset.
- A10 The State agrees to have in place and maintain a detailed project management plan, including but not limited to, a procurement strategy, communication, risk and stakeholder plans.

FUNDING, MILESTONES AND PAYMENTS

- A11 The maximum funding to be provided by the Commonwealth for the Project is \$100,000,000, payable in accordance with milestones set out in the table 1 below.
- A12 Subject to the terms of this Implementation Plan including any right the Commonwealth has to reduce or withhold Funds, the Commonwealth will pay the Funds to the State as specified in table.
- A13 The Commonwealth may withhold 10 per cent of the amount of the next National Partnership payment payable as outlined in Table 1 for non-compliance with the NWI Pricing Principles until the State meets the requirements.

Table 1

Payment Number	Milestone	Dates	Amount (excluding GST)
1	Upon signing of the Implementation Plan. Construction contract awarded to design, build, operate and maintain the desalination plant. Submission of a progress Report to the satisfaction of the Committee and the Commonwealth.	Expected October 2009	\$25,000,000
2	Completion of bulk earthworks and excavations. Completion of foundation and ground level concrete works. Provide evidence of an energy procurement strategy that meets the National Urban Water and Desalination Plan funding criteria. Submission of a progress Report to the satisfaction of the Committee and the Commonwealth.	Expected February 2010	\$35,000,000
3	Power supply and transfer pipeline infrastructure constructed and ready for commissioning.	Expected December 2010	\$30,000,000

	<p>First water delivered at a minimum capacity of 15 ML/day.</p> <p>Provide a copy of signed energy agreement by an appropriate provider that meets the National Urban Water and Desalination Plan funding criteria to the satisfaction of the Committee and the Commonwealth.</p> <p>Submission of a progress Report to the satisfaction of the Committee and the Commonwealth.</p>		
4	<p>Construction of the plant completed and operating at capacity.</p> <p>On completion, the Project should be compliant with the relevant National Water Initiative Pricing Principles and its Implementation Arrangements.</p> <p>Submission of a final Report to the satisfaction of the Committee and the Commonwealth.</p>	Expected by August 2011	\$10,000,000
TOTAL			\$100,000,000

State Contributions

A14 The State agrees to provide the amount of \$1.274 billion (GST exclusive) and any additional costs incurred to complete the Project.

BUDGET

A15 The Overall Project Budget (GST exclusive) is set out in Table 2 .

Table 2

Expenditure Item	Cwlth Amount (excl. GST) \$ m	State Amount (excl. GST) \$ m	Other Amount (excl. GST) \$ m	Total Cost (excl. GST) \$ m
Desalination plant (design & construct)	85.0	645.0	0.0	730.0
Transfer Pipeline System	10.0	100.0	0.0	110.0
ETSA & Associated Infrastructure	5.0	80.0	0.0	85.0
Land & Easements	0.0	74.0	0.0	74.0
Project Delivery, Insurances, Contingency & Other Costs	0.0	375.0	0.0	375.0
Total Budget:	100.0	1,274.0	0.0	1,374.0

REPORTS

A16 Each Progress Report is to contain the following information:

- (a) a description of actual performance of the Project to date against the Project milestone/s and budget;
- (b) promotional activities undertaken in relation to, and media coverage of, the Project during the last reporting period; and
- (c) a description of the work that will be undertaken to complete the remaining Project Milestone(s), and any expected promotional opportunities, during the next reporting period for the Project.

A17 The final Project Report is due within 60 Business Days of the completion of the Project (or termination of this Implementation Plan or the Project) and will be a stand-alone document that can be used for public information dissemination purposes regarding the Project. The final Project Report must:

- (a) describe the conduct, benefits and outcomes of the Project as a whole;
- (b) evaluate the Project, including assessing the extent to which the objective has been achieved and explaining why any aspect were not achieved; and
- (c) include a discussion of any other matters, relating to the Project, which the Commonwealth notifies the State should be included in this final Project Report at least 30 days before it is due.

Requests for Reports and Information

A18 The State agrees to meet any reasonable request by the Commonwealth to provide other reports, or access to information, sites or assets, to enable assessment or review of the implementation of the Project.

NOTICE OF DETAILS FOR THIS PROJECT

A19 A notice relating to this Project, rather than the Agreement generally, is to be in writing and dealt with as follows:

- a) if given by the State to the Commonwealth:

Director
 National Urban Water and Desalination
 Urban Water Security Branch
 Water Governance Division
 Department of Environment, Water, Heritage and the Arts
 GPO Box 787
 Canberra ACT 2600.

Contact number 02 6274 2644, fax number 0262 742360;

email address tanya.stacpoole@environment.gov.au

or

- b) if given by the Commonwealth to the State:

Mauro C Farinola
 Senior Commercial Manager - Adelaide Desalination Project

Water Security Projects
SA Water Site Office
Chrysler Road
Lonsdale SA 5160

GPO Box 1751
ADELAIDE SA 5001

Phone:(+61 8) 7424 3606
Mobile: 0438 066 560
Fax: (+61 8) 7003 3606
Email: mauro.farinola@sawater.com.au