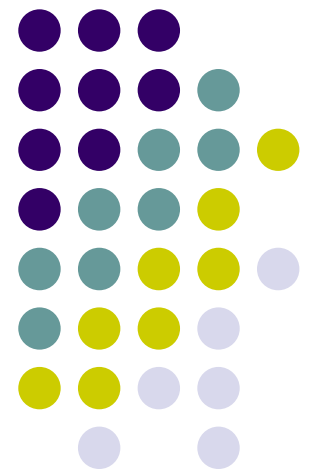


GOULBURN WATER STRATEGY

CONFIRM OUTCOME OF REVIEW

DETERMINE AFFORDABILITY

RESUME PROGRAMME





DoC Report Summary

- ◆ Ranking in order of cost effectiveness is:
 1. Highlands Source
 2. One-Way Pejar Pipeline
 3. Two-Way Pejar Pipeline
- ◆ None of the issues or uncertainties identified in the review are likely to change the relative merits of the schemes
- ◆ Highlands Source only scheme that complies with DWE security criteria
- For the Pejar schemes significant risk of Goulburn storages dropping to Level 5 restriction levels within decade and of triggering the need for water cartage or construction of a Wingecarribee-Goulburn pipeline or another major source.
- ◆ **Highlands Source only one of three schemes that provides Goulburn with secure water supply through to 2040**



Revised Preliminary Costing

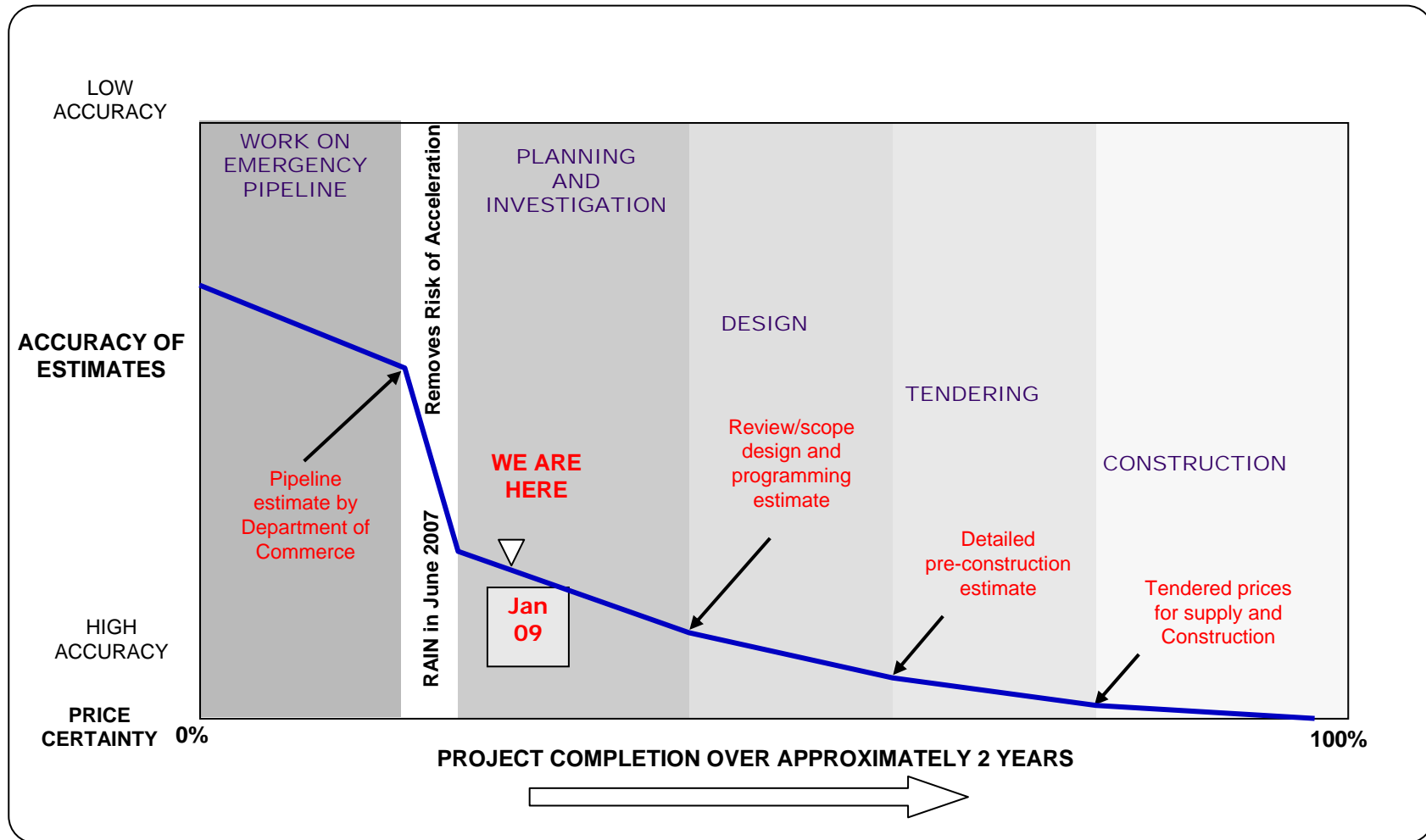
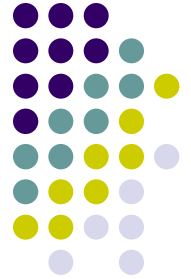
- Department of Commerce (DoC) January 2009 Apples Vs Apples estimate - \$58.1m;
- Revised estimate based on DoC January 2009 estimate - 5.57km shorter & booster pump station at Marulan removed - **\$54.3m**
 - Length: 82.4km
 - Diameter: 300mm
 - Material: DICL (Ductile Iron Cement Lined)
 - Pump Station: 1 only at Wingecarribee Reservoir delivering 5ML/day to Goulburn.

Original Funding Available



- \$20m from the NSW Government
- \$20m from the Commonwealth Government
- \$10m raised by Council

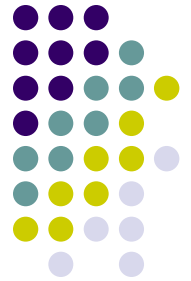
Cost Certainty Graph





Detailed Design & Planning

- Expressions of Interest were called in July 2008 for Planning, Design and Project Management
- 2008/09 Budget allows \$1.9m
- If project proceeds, Council will pay approximately 20%. If project does not proceed, Council will pay all \$1.9m.



Additional funding options

- Interest on \$10m loan as at early 2009 - \$0.900m
- Further interest to late 2010 - \$0.350m
- Advance levy funds - \$0.614m
- Unexpended funds Duck's Ln augmentation - \$0.345m
- Unexpended funds Mary's Mt augmentation - \$1.600m
- Sub-total \$3.810m
- Water sales severe restrictions lifted 2 yrs - \$0.400m
- Priority changes distribution works 2 yrs - \$0.400m
- Running total \$4.610m
- Potential additional funding partner
- Future S64
- Loan funding?
- Additional grant?



Impact on Operational Costs

- For 2013 as a typical year
- For typical household using 230 kl
- Goulburn's annual consumption (average) 3420 ML
- Of which HSP contributes 600 ML
- HSP pumping and SCA purchase equates to extra \$11.28 in typical 2013 annual water bill (compared to 2008).
- Includes extra \$25,900 pa pumping
- Includes extra \$115,800 pa SCA charges.
- Maintenance and funded depreciation may be required in the future.

A Co-Ordinated Strategy



- Base Case
 - Catchment Improvements
 - Demand Management
 - Network Improvement
 - Optimise Operating Practices
 - Distribution Water Quality Improvements
 - Stormwater Improvements
- Centralised Re-Use
- Highlands Source Project



Risks

- Funding the detailed design (\$1.9m) and not proceeding due to unacceptable costs or other circumstances
- Cost escalation due to delay
- Losing funding partners (project requires both funding partners)
- Returning to critical water shortage and having to take associated action
- Foregone revenue due to reduced water availability



Options

- Proceed with detailed design (\$1.9m) for Highlands Source Project and then review
 - Note. All three funding parties must sign off on pre-construction (planning, design and detailed estimate) before construction can commence.
- Don't Proceed with Highlands Source Project and advise funding partners

END

