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25 June 2007

Company Announcements Office  
Australian Stock Exchange Limited  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir,

**Re: John Holland in consortium to develop Sydney's \$960 million desalination plant**

Please find attached a copy of media release issued today by the NSW Government. Also attached is a copy of a media release to be issued by John Holland Group.

These releases advise that that the BlueWater Consortium consisting of John Holland, Sinclair Knight Merz, Maunsell and Veolia has been chosen as the preferred tenderer to develop Sydney's new desalination plant.

Yours faithfully  
LEIGHTON HOLDINGS LIMITED

ASHLEY MOIR  
Company Secretary



## **emma announces key milestones on Sydney Water infrastructure**

State Plan Priority E1 : A sustainable and secure water supply for all users  
State Plan Target E1 (a) : Recycle 70 billion litres of water per annum by 2015

25 June 2007

Two massive pieces of water infrastructure today passed critical milestones with Premier Morris emma announcing preferred tenderers for the Western Sydney Recycling Project and the Kurnell desalination plant.

“Together these massive projects will recycle and produce 300 million litres of water per day and represent a crucial part of our Metropolitan Water Plan to secure Sydney’s water supplies,” Mr emma said.

“Today is an historic day for Sydney and all Sydney Water customers,” Mr emma said.

“As we plan for our city to accommodate one million extra residents in the coming decades Sydney’s available water supply will increase for all customers in Sydney, the Illawarra and the Blue Mountains.

“These projects reflect that there is no single solution to secure our water supply – the answer lies in a range of initiatives, recycling, storm water harvesting and desalination.

“The measures we are taking today will mean our water supply is now secure for the foreseeable future,” Mr emma said.

### **Kurnell Desalination Plant**

Mr emma said Sydney Water would shortly sign a contract for a 250 megalitre per day plant worth approximately \$960 million with the Blue Water Consortium consisting of John Holland, Sinclair Knight Mertz (SKM), Maunsell and Veolia. The plant is estimated to cost around \$730 million, and the seawater intake and outlets are estimated to cost around \$230 million.

“Previously, it was estimated that the total project would cost \$1.9 billion including the water delivery system.

“However, following this tender outcome the total cost of the project is down to \$1.76 billion,” Mr emma said.

The lower cost is expected to lower the anticipated increase in consumer water bills to less than \$2 per week.

There are three reasons for the decrease:

- An advanced design that has saved money;
- More certainty around the project means the contingency risk allowance is lowered; and
- The costs of construction of desalination plants have currently stabilised.

“The desalination scheme is the largest and most significant capital works project undertaken by Sydney Water since Warragamba Dam.

“The massive undertaking will create around 800 jobs and provide a huge boost to the State’s economy,” Mr lemma said.

The NSW Government will also enter a 20 year contract for the provision of wind power to supply 100% of the electricity required to run the plant.

### **Western Sydney Recycling Project**

Mr lemma said Sydney Water will shortly sign a contract with the Deerubbin WaterFutures Consortium, consisting of United Group, McConnell Dowell and General Electric for the Western Sydney Recycling Project which will recycle 50 million litres of water a day.

The project is estimated to cost around \$250 million.

“Today sees an important milestone in the commitment to increase recycling to 70 billion litres, or 11 per cent of Sydney’s water supply, by 2015,” Mr lemma said.

“This project will see wastewater from the St Marys, Penrith and Quakers Hill sewage treatment plants undergo treatment, at a new advanced wastewater treatment plant at the St Marys sewage treatment plant site.

“The majority of the recycled water will be used to replace water currently released from Warragamba Dam for river and environmental flows.

“It is anticipated recycled water will be used to replace water from Warragamba Dam from 2009.

“As the full scheme progresses, recycled water will also be available for industry, irrigation and new homes in Western Sydney in major greenfield developments.

“This means that 18 billion litres of water each year will remain available for drinking water for Sydney, the Illawarra and the Blue Mountains.

“Following the signing of the contract for the Replacement Flows component of the project, the consortium will construct a pilot plant at St Marys to confirm the proposed technology.

“Construction of the project will begin at the end of the year.

“Sydney already recycles around 22 billion litres of water per year.

“The NSW Government is pursuing recycling wherever it is feasible and practical. In February 2007, the Government announced the development of a recycled water grid for Sydney to pump billions of litres of recycled water to new homes and industries across the Sydney metropolitan area.

“The recycled water grid has the potential to increase recycling to 100 billion litres a year (about 16 per cent of total drinking water supply) and address virtually all feasible recycling opportunities for non-drinking purposes.

## FACT SHEET

Sydney's dams contain a total capacity of 2,600 billion litres.

In the 1960s when Warragamba Dam was built, this represented eight years supply without any rainfall.

As Sydney has grown, this now represents just 4 years worth of water supply without any rainfall.

### **Kurnell Desalination Plant**

- Work will begin on the project in late July and will take 26 months to complete.
- The plant will have no net greenhouse impact as the same amount of renewable energy will be generated to offset electricity used by the plant.
- Customers' bills will increase by around \$97 per year on average because of desalination. The average bill is currently \$770 per year.
- Perth recently turned on its desalination plant, and will soon build a second
- A desalination plant is also being built on the Gold Coast.
- The Victorian Government recently announced it will proceed with a large plant, and South Australia is considering building a plant for the Olympic Dam mining site."
- Blue Water Consortium has been chosen to design, build, operate and maintain the plant for 20 years. A fully owned subsidiary company of Sydney Water will own the plant.
- The operator will be required to consistently produce the same standard of drinking water that Sydney Water provides to its customers now.
- As part of the contract, the consortium will build a desalination plant capable of producing 250 million litres of water a day, which can be quickly scaled up by 125 million litres/day modules, up to 500 million litres a day if necessary. Each new module of 125 million litres/day size would take a further three months to add.
- The delivery pipeline will be built to the maximum capacity to avoid additional costs and further disruption down the track. In other words, if the plant is upscaled, no further pipe-laying would be needed.
- A separate tender to design and construct the 18 kilometre distribution pipeline was recently awarded to Connect Alliance, consisting of Bovis Lend Lease, McConnell Dowell, Kellogg Brown & Root, Patterson Britten & Partners and Environmental Resources Management.
- Work on the pipeline from Kyeemagh to Erskineville will begin once the Minister for Planning approves the pipeline project and Sydney Water's Board of Directors approves the Alliance's proposal, anticipated in October 2007.
- Approval was received in November 2006 to build the desalination plant as well as the intake and outlet tunnels.

- Sydney Water will keep the community informed throughout the desalination project and work with residents, businesses and other stakeholders to minimise disruption during construction.
- Estimated project costs are broken down as follows (approx)
  - Desalination plant, intakes and outlet systems \$960 million
  - Distribution system to carry water to Sydney Water network \$500 million
  - Project costs \$300 million
  
  - Total \$1,760 million



**ASX MEDIA RELEASE**

## **John Holland in Winning Consortium for Sydney Desalination Plant**

**Sydney 25 June 2007** – John Holland is pleased to announce that the Blue Water Consortium, consisting of John Holland and Veolia Water, has been named by Premier Morris Iemma as preferred tenderer for the \$960 million Sydney Desalination Plant.

The Blue Water Consortium has been chosen to design, build, operate and maintain the plant at Kurnell for 20 years. John Holland's interest in the project is currently valued at approximately \$600 million.

"We are delighted to have been chosen as preferred tenderer for this landmark water infrastructure project in NSW," said John Holland's Group Managing Director, David Stewart.

"Our specialist knowledge in both tunnelling and water, combined with the strength of our regional business on water projects across NSW will be incredibly valuable in delivering this project."

"We look forward to working closely with Sydney Water and the NSW Government to minimize impact throughout the design and construction phases," concluded David Stewart.

The combined strength of John Holland and Veolia Water enabled the tender team to focus on a winning solution. Both organizations are currently working together on delivering the Gold Coast Desalination Plant and have an in-depth knowledge of delivering key water infrastructure in NSW and across Australia.

The Blue Water proposal focused strongly on international best practice in the development of desalination plants along with a commitment to safety, the environment and community consultation.

- ENDS -

**For further information or commentary please contact:**

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**Notes to Editors:**

The John Holland Group is one of Australia's largest and most diverse specialist contracting businesses, operating throughout each state and territory of Australia and combining national coverage with local knowledge.

Our capabilities range from tunnelling and underground mining through to power, water and high voltage transmission projects. We recognise that these capabilities revolve around our people and their ability to work in partnership with our clients to effectively deliver a range of projects.