



30 July 2009

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Australian Securities Exchange Limited
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RE: Thiess consortium awarded Melbourne Desalination Project

Please find attached a copy of a media release issued today by the Victorian Government.

Yours faithfully,

A.J. MOIR
Company Secretary



From the Premier of Victoria

AUSTRALIA'S BIGGEST DESALINATION PLANT TO SECURE WATER AND JOBS

Thursday, 30 July 2009

The Premier, John Brumby, today announced the AquaSure consortium had been awarded the contract to build Australia's biggest desalination plant, which will secure Victoria's water supplies, deliver as many as 1700 direct new jobs and help ease tough water restrictions.

Mr Brumby said the Victorian Government selected AquaSure, consisting of Suez Environnement, Degremont, Thiess and Macquarie Capital Group to build the \$3.5 billion desalination plant, with key features including:

- A guarantee to deliver desalinated water by the end of 2011;
- Value for money for water users;
- Delivery of water to meet Victoria's high water quality standards;
- Flexibility to supply between 0 and 100 per cent of the plant's capacity in block increments;
- Proven and secure desalination technology; and
- Security of finance for the project in a constrained global economy.

"I am delighted to announce today that AquaSure will build Australia's biggest desalination plant near Wonthaggi," Mr Brumby said.

"This desalination plant will be operational from the end of 2011 and is critical to securing water supplies for Melbourne, Geelong and towns in Western Port and South Gippsland.

"Our Government is committed to Victoria's Desalination Project because we must deliver a solution that is not rainfall dependent in an era of climate change.

"Together with the Food Bowl Modernisation Project and Sugarloaf Pipeline, our new desalination plant will help ease water restrictions. I expect these projects will see our water storages begin to recover in 2012 and restrictions progressively eased.

"At the same time as securing our water supply, we are securing 1700 direct jobs and as many as 3050 indirect jobs during construction in a tough global economy."

Mr Brumby said AquaSure had committed to additional features and projects, to ensure Victoria's desalination plant was not only Australia's biggest, but Australia's most advanced, including:

- Secure underground power supply;
- Commitment to renewable energy projects to offset the plant's energy use;
- Minimising the impact on the local environment, including continued use of Williamson's Beach and the best possible visual amenity at the plant site; and
- Delivering benefits to the local community, such as a new broadband fibre optic cable and a secure local water supply.

Water Minister Tim Holding, said household water bills were increasing as a result of the water projects, but reiterated the Brumby Labor Government's commitment that average bills would not more than double by 2012.

"Importantly, Victoria's Desalination Project is being delivered as a Public Private Partnership which ensures that water remains in public hands and delivers value for money," Mr Holding said.

Mr Holding said the bidders had been able to secure finance for the project in the most challenging economic climate since the Great Depression.

"The capacity of AquaSure to raise the necessary funds in such a tough global economic environment is a testament to the strong Victorian economy under the Brumby Labor Government," Mr Holding said.

“AquaSure will now seek to diversify its investor base, with the Victorian Government providing a Treasurer’s Guarantee of Syndication. This means the State will be a lender of last resort if required, at commercial rates.

“This innovative arrangement will ensure the project can be delivered on time, despite the global financial crisis.”

Mr Holding said the desalination plant was being built to deliver up to 150 billion litres of water a year, with the capacity to increase production to 200 billion litres if necessary.

“Victoria’s desalination plant will give water users complete flexibility – with the capacity for the Government to order water in annual block increments, starting at zero, then 50, 75, 100, 125, 150 billion litres as required,” Mr Holding said.

An independent reviewer and environmental auditor will ensure quality design and environmental protection.

“Victoria has set high international standards for the project with strict environmental safeguards as well as undersea inlet and outlet tunnels to minimise the impact on marine life,” Mr Holding said.

“AquaSure has committed to develop, in partnership with AGL, the Oaklands Hill 63MW wind farm near Glenthompson which will create 200 new jobs.

Mr Brumby welcomed AquaSure’s commitment to power the plant by the Government’s preferred option – an underground power line travelling largely along the desalination pipeline alignment to Cranbourne.

“We listened to the local community and concluded that underground power was the preferred option to power the desalination plant,” Mr Brumby said.

“By securing underground power, the project will have the least impact on landowners, farmers and other people living and working in the area.

“AquaSure has also committed to running a high speed broadband cable alongside the power line, in another great result for the local community.”

Other local projects to be delivered with the desalination plant include:

- \$12 million in road upgrades, many of which are underway; and
- Development of a housing strategy for workers coming to the region.

Mr Brumby thanked BassWater – consisting of Veolia, John Holland and the Royal Bank of Scotland – for their highly professional and competitive bid.

“I believe that either consortium could have successfully delivered the project, however BassWater was unsuccessful in its bid,” he said.

Financial close on the contract will occur by 4 September. AquaSure will begin construction in October on the desalination project, which will include the plant at Wonthaggi, the 86-kilometre transfer pipeline to connect to Melbourne’s existing network, the underground power source and renewable energy projects.