

Meeting Title: EP Desal Project – Site Selection Committee Meeting 15

Project Name: Eyre Peninsula Desalination Plant Project

Meeting Purpose: Provide an update on project activities

Date: Monday 19 December 2022

Time: 10.00am – 11.00am

Location: Port Lincoln Hotel

Attendance:

Name	Role	Present
Peter Treloar	Chair	Yes
Steve Dangerfield	Engagement Facilitator	Yes
Jemma Silvester	Community Engagement	Yes
Isaac Glonek	Minute Taker	Yes
Hazel Austin	Project Manager	Yes
Nancy Nguyen	Assistant Project Manager	Yes (online)
Shaun Ambrose	District Leader, SA Water	Yes

Committee:

SSC Member	Role	Present	Proxy
Andy Dyer	President, SA Mussel Growers Association	Yes	
Brian Jeffriess	Chief Executive, Australian Southern Bluefin Tuna Industry Association Ltd	Yes	Kirsten Rough
Bryan Trigg	Chair, Regional Development Australia Eyre Peninsula	Yes	
Claire Webber	Executive Officer, South Australian Sardine Industry Association Inc.	Yes	
Dean Johnson	President, Eyre Peninsula Local Government Association	Apology	
Delfina Lanzilli	Chief Executive, District Council of Lower Eyre Peninsula	Yes	
Diana Mislov	Mayor, City of Port Lincoln Council	Yes	
Gary Neave	Independent Project Director, TSA	Apology	
Geoff Churchett	Mayor, District Council of Tumby Bay	Apology	
Jack Ritchie	Member, Port Lincoln Chamber of Commerce and Tourism	Yes	
Jo-Anne Quigley	Mayor, District Council of Lower Eyre Peninsula	Apology	
Jonathan Clark	General Manager, Eyre Peninsula Landscape Board	Yes	
Mark Whitfield	Chair, Eyre Peninsula Landscape Board	Yes	
Matthew Morgan	Chief Executive, City of Port Lincoln Council	Yes (online)	
Peter Scott	Executive Officer, Eyre Peninsula Local Government Association	Yes	
Rebecca Hayes	Chief Executive, District Council of Tumby Bay	Yes	
Rob Gratton	Chief Executive, Clean Seas Seafood Limited	Yes	
Ryan Viney	Chief Executive, Regional Development Australia Eyre Peninsula	Yes	
Sam Telfer	Member for Flinders	Yes (online)	
Shane Hodgins	Director, RecFish SA	Apology	
Thomas McNab	President, Abalone Industry Association of South Australia Inc	Apology	
Tom Hyde	Member, Australian Abalone Growers Association	Apology	

We acknowledge the Traditional Custodians of the Eyre Peninsula. We acknowledge their elders past and present, noting in particular their spiritual and cultural connection to the lands and coastal waters of the Eyre Peninsula.

1. Welcome and introductions

The Chair gave an Acknowledgement of Country and welcomed attendees.

Attendees were reminded that face masks are at the discretion of the individual.

The Chair noted the purpose of the meeting was to:

- Provide an update on working group activities on funding
- Provide an update on Infrastructure SA's Northern Water Supply project
- Provide an update on the SARDI report and technical discussion in January 2023
- Discuss water security timelines
- Provide an update on the sites
- Have an open discussion and share views and opinions on site selection.

2. Apologies and proxies

Dean Johnson was noted as an apology.

Gary Neave was noted as an apology.

Geoff Churchett was noted as an apology.

Jo-Anne Quigley was noted as an apology.

Shane Hodgins was noted as an apology.

Thomas McNab was noted as an apology.

Tom Hyde was noted as an apology.

3. Business arising

Nil noted.

4. Project activity update

Steve noted that he and the Chair had recently been to Canberra to meet with the National Water Grid Authority (NWGA). Attendees of the meeting were as follows:

- Stephanie Werner, CEO of the NWGA and Head of Division for Water Infrastructure within the Australian Government Department of Climate Change, Energy, the Environment and Water
- Lachlan Simpson, NWGA and Division for Water Infrastructure
- Ben Bruce, Executive Director, Water and River Murray, South Australian Government Department for Environment and Water
- Peter Treloar, Chair of the Eyre Peninsula Desalination Project Site Selection Committee
- Steve Dangerfield, TSA Management

Steve noted the key information presented and discussed:

- Eyre Peninsula water security needs, including the vulnerability of the groundwater system
- Economic imperative for a climate-independent source of drinking water
- Role of Site Selection Committee and associated work done to identify a preferred site

- Aquaculture industry concerns regarding a desalination plant in Boston or Proper Bays, including the risk of industry delaying delivery of a cost-effective solution in the Bays
- Preliminary design cost estimates for all three sites.

Steve noted the outcomes of the meeting as follows:

- The NWGA has responsibility for a \$3.7 billion fund, of which \$1 billion is yet to be allocated
- There is a pathway through which the project is eligible to obtain federal funding
- The process of assessment is likely to take 12 months
- The application requires a full and complete business case that demonstrates why desalination is the preferred option – it would be expected that all other options are assessed in depth, with an economic analysis of each option, including those that have already been discounted (i.e., demand management measures through permanent water restrictions, pipelines from other projects or water sources, Tod Reservoir, sheeted catchments, etc.) – estimated to be a minimum of 6 months' work, plus the application preparation
- The project would need to be assessed against other priorities and projects from across Australia eligible for the remaining \$1 billion of NWGA funding
- The project would need the full and complete support of the South Australian Government via Infrastructure SA
- If the application was successful, the Federal Government would match a contribution from the State Government (which could be from SA Water under regulated business, from the State Government, or a combination of both).

The Chair noted that he has contacted the NWGA to clarify whether there is an ongoing commitment from the Federal Government to continue funding the NWGA, and if so, when the next tranche of funding is due to be directed to the NWGA.

The Chair noted that it is his understanding that the Northern Water Supply project (NWS) is a key priority for Infrastructure SA and that there is an existing pathway through SA Water's regulated business to deliver a desalination plant for southern Eyre Peninsula.

Steve noted that the Department for Environment and Water, through Ben Bruce, had facilitated the opportunity for the meeting to occur with the NWGA.

An SSC member asked if the work already completed means the project team is in a stronger position to develop the business case required for a funding application to the NWGA. The SSC member also noted that there are some advantages in that the amount of money needed for this project would be relatively small compared to NWS, which also has a longer timeline for completion than the Eyre Peninsula Desalination project.

The Chair noted that the amount of work done to date could circumvent some of that 12-month application process, but there would be extra funding needed for the development of a full business case. The Chair further noted that he would be writing to SA Water soon about whether there is appetite to consider this funding pathway.

An SSC member noted that the NWS project is considered a larger project, with critical importance to the future of South Australia for energy production and mining, and that Infrastructure SA will prioritise NWS when it comes to federal funding.

Steve noted some of the implications of the discussion had with the NWGA as follows:

Option 1. Funding application runs parallel to project development

- Lock in on the preferred site and proceed with detailed design and development application process
- Fund development of business case in parallel
- Build application to NWGA
- Secure the support of Infrastructure SA

- Have the funding application assessed towards the end of 2023 – trusting that the Federal Government will consider this project to be a priority
- State Government would need to underwrite a desalination plant at Sleaford West if federal funding is not forthcoming in 12 months, as the commitment to the site would have already been made (commencement of detailed engineering design).

Option 2. Funding application delays project development by 12 months

- Fund development of business case
- Build application to NWGA
- Secure the support of Infrastructure SA
- Have the funding application assessed towards the end of 2023
- Subject to the decision, progress Sleaford West to project development or revisit site options
- Water restrictions to be considered if needed as an interim measure to account for 12-month delay.

The Chair noted that Jonathan Clark, General Manager, Eyre Peninsula Landscape Board, made the following points in recent email correspondence:

- Preliminary data to date for 2021/22 appears to indicate only average recharge with stable water levels in the Uley South Basin
- True condition of the Uley South Basin won't be known until the end of April 2023
- The situation that led to the decision to proceed with a desalination plant has not changed
- While the basin can likely withstand any project related delays (e.g., services or materials) it is unlikely to withstand extended delays in project commencement.

An SSC member noted that there could be an opportunity to partner with Infrastructure SA on a joint approach for NWGA funding.

The Chair noted that he could write to Infrastructure SA to explore their possible involvement in the EP Desalination project.

An SSC member noted that the issue is being looked at the wrong way around, because if the science says that the cheapest solution at Billy Lights Point is scientifically sound, then it would really be a waste of time to pursue the funding required for a site at Sleaford West.

The Chair noted that there will be a meeting in the new year to have an in-depth discussion about the various marine science reports.

Steve noted that the SSC Chair will need to report back to the Deputy Premier on the funding situation (specifically, the meeting with the NWGA) as well as to advise that the SSC is further considering the marine science aspects of the project, and how to balance both of those considerations in line with the project's timeline.

An SSC member noted, with reference to the two options presented by Steve, that if Option 1 was chosen and the funding application is rejected, then the project would be in the same position as it would be in Option 2. If the funding application is successful however, then Option 1 would present the faster timeline.

Steve noted that if 12 months of work has already been committed to detailed design and the development application process, in order to complete the project on schedule, the site would have to be locked in and the State Government would have to fund the shortfall if federal funding did not eventuate. The only way to pursue NWGA funding and not create such an untenable situation for the State Government is with Option 2, and this would delay delivery of the project.

An SSC member noted that other regions in South Australia are currently in need of climate-independent water supply. From that perspective, if there was any prospect of the EP Desalination project combining a funding application with the Northern Water Supply project, then all of the other regional water security projects would want to do the same. It makes more sense for Infrastructure South Australia to keep the Northern Water Supply project separate from other projects.

An SSC member asked Steve for his opinion on what the best option would be, given the relative urgency of securing a supplementary water source.

Steve noted that in his opinion, it comes back to the science. If the science says that a desalination plant can be delivered at the base case site and there's confidence that it will not negatively impact the ecosystem in the Bay, then it's an easier decision for Government. Therefore, discussions with the SSC and aquaculture industry regarding marine science, and the various views and opinions held, becomes a critical next step.

An SSC member noted that water restrictions should not be seen as an effective measure to buy time for the project. Since the water restrictions that were put in place on Eyre Peninsula in 2002 were lifted, water use behaviour has not changed. Noting that water is used by industry, farms, etc., per person water usage has not substantially increased since those restrictions were in place, so people's behaviours have changed. Water restrictions could buy a very small amount of time, but not enough to continue delaying a decision and commencement of the project.

Regarding the Northern Water Supply project, being led by Infrastructure South Australia, Steve noted:

- The Northern Water Supply project is currently undertaking a business case which will help inform the Federal and State Government's decision to fund the project – a decision is expected by the second quarter of 2023
- Infrastructure SA is also seeking funds from the NWGA for the Northern Water Supply project
- A joint study is currently looking at potentially using the Northern Water Supply project water from Stage 2 to support hydrogen at Cape Hardy – Stage 2 is not due to commence until 2030
- Water quality would most likely be suitable for commercial use only.

SARDI Report and technical discussion 2023

Steve noted:

- SARDI report distributed
- Opportunity for SSC members to submit questions from the organisation they represent and/or any technical specialists their organisation has access to
- A roundtable discussion of the SARDI report will be held with interested SSC members and nominated technical representatives, possibly in the week commencing Monday 30 January
- Following this, a final SSC meeting will be held to advise of the Cabinet's decision once known.

Water Security

Jonathan Clark noted that the situation hasn't changed since it was decided to proceed with a desalination plant. As mentioned at the last meeting, the data suggests that Uley South Basin is steady. The positive is that the basin is steady when the long-term trend is downwards, and the negative is that there have been three La Niña years and there hasn't been better than average recharge.

Jonathan noted that the Eyre Peninsula Water Taskforce has been re-established, with Regional Development Australia Eyre Peninsula, Eyre Peninsula Local Government Association, Eyre Peninsula Landscape Board, Department for Environment and Water, and SA Water all involved. The Taskforce will likely meet quarterly, with an annual forum including other stakeholders. The Taskforce has been re-established to ensure that key stakeholders can be briefed as to the status of Eyre Peninsula's water resources, other issues that impact water security, projects that are in the pipeline, etc.

5. Site selection discussion (views/opinions)

Steve noted that he would like to know if there's anything else the SSC feel they should be trying to influence, bearing in mind that a decision may be made by the Government and SA Water in the first quarter of the new year.

Steve reminded the SSC of their project objectives:

- Deliver a sustainable and secure water supply to the entire Eyre Peninsula region

- Select a site that is supported by key stakeholders and the community
- Select a site for a desalination plant that does not prejudice the opportunity to respond to future demand
- Improve potable water quality to all existing SA Water customers across the Eyre Peninsula Region
- Enable future economic growth opportunities for the Eyre Peninsula region where water security has previously been a barrier
- Mitigate the risk of detrimental impacts on existing or developing industries within the Eyre Peninsula region
- Develop a sound business case and funding model that will ensure the financial viability of the project
- Account for heritage and cultural views and values of the community
- Account for local impacts, issues, and opportunities.

Steve noted the SSC's progress against various responsibilities and tasks:

- Consider the information presented by industry experts and SA Water staff as required to gain a deeper understanding of the issues, constraints, and opportunities – **complete**
- Give consideration to key issues and constraints including access to power, access to the network, land availability, environmental factors, community and industry impacts – **complete**
- Identify and validate funding options to support site selection decisions – **complete**
- Consider opportunities to add value to the project to benefit SA Water customers, industry, and the Eyre Peninsula Community – **complete**
- Account for Traditional Owners' perspectives – **complete**
- Represent the issues, concerns, and values of the broader Eyre Peninsula community as it relates to the selection of a preferred site – **complete**
- Facilitate an open, accurate, reciprocal communication channel to ask questions, and seek clarification or further information to inform the Committee's decision making – **complete**
- Provide guidance as to the broader community engagement process (inclusive of information sharing) and timing – **complete**
- Give consideration to technical constraints – **complete**
- Preferred site delivers against the agreed project objectives and achieves a social licence – **complete**
- Preferred site is supported by a viable business case inclusive of a funding model – **in progress**.

Steve noted the various factors that will need to be considered in the Government and SA Water's final site decision:

- Water security
- Site selection limited due to structure of network
- Funding
- Infrastructure SA and Northern Water Supply priorities
- Marine science

Steve noted his understanding regarding the possible timing for a decision by Government and SA Water.

An SSC member suggested that there would be value in the SSC offering to present to the decision-makers prior to a final decision being made.

The Chair noted that this offer could be included in correspondence to the SA Water Board.

An SSC member noted that economic development is also one of the key factors in the final site decision.

Steve noted that a decision has already been made to build a 5.3 gigalitre per annum desalination plant for Eyre Peninsula, so in that sense, the region's future economic development has been factored in.

6. Media update

The Chair noted that a media release will likely be distributed in the new year to provide an update to the community via the media.

7. Other business

The Chair noted that he has been asked to Chair the Spencer Gulf Economic Development Forum, a big part of which is to do with the Northern Water Supply project.

8. Next meeting and close

An agenda for the next meeting will be circulated prior to the next meeting when convened by the Chair.

With no further comments, the meeting closed at 11.47am.

Open action items register

No.	Action Description	By Whom	Date Raised	Date Due	Status
1	Seek advice on alternative construction methodologies – concept design team to consider and engage with industry to identify synergies and leverage knowledge.	Project Team	03/03/22	TBC	Defer to when a site is selected
2	Assessment of the Northern Precinct as a separate project – independently from the functions of the SSC – to look at the viability of supporting economic development in the northern region.	Project Team	07/03/22	TBC	Open
3	Prepare a visual representation of the desalination plant and pumping station.	Project Team	07/06/22	TBC	Defer to when a site is selected