

Meeting Title: EP Desal Project – Site Selection Committee Meeting 03
Project Name: Eyre Peninsula Desalination Plant Project
Meeting Purpose: Shortlisting of precincts for the Eyre Peninsula Desalination Plant
Date: Thursday 24 February 2022
Time: 3.00pm – 5.00pm
Location: Ravensdale Community Sports Centre

Attendance:	Name	Role	Present
	Peter Treloar	Chair	Yes
	Steve Dangerfield	Engagement Facilitator	Yes
	Sandra Klein	Community Engagement	Yes
	Isaac Glonek	Minute Taker	Yes
	Natasha Kousvos	Project Manager	Yes

Committee:	SSC Member	Role	Present	Proxy
	Andy Dyer	President, SA Mussel Growers Association	Apology	Mark Andrews
	Brad Flaherty	Mayor, City of Port Lincoln Council	Yes	
	Brian Jeffriess	Chief Executive, Australian Southern Bluefin Tuna Industry Association Ltd	Online	
	Bryan Trigg	Chair, Regional Development Australia Eyre Peninsula	Yes	
	Clare McLaughlin	President, Eyre Peninsula Local Government Association	Apology	
	Claire Webber	Executive Officer, South Australian Sardine Industry Association Inc.	Yes	
	Delfina Lanzilli	Chief Executive, District Council of Lower Eyre Peninsula	Yes	
	Gary Neave	Independent Project Director, TSA	Yes	
	Hannah Allen-Jordan	Acting Mayor, District Council of Tumby Bay	Yes	
	Jack Ritchie	Member, Port Lincoln Chamber of Commerce and Tourism	Absent	
	Jo-Anne Quigley	Mayor, District Council of Lower Eyre Peninsula	Online	
	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	
	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	Brian Jeffriess for the first hour
	Ryan Viney	Chief Executive, Regional Development Australia Eyre Peninsula	Yes	
	Shane Hodgins	Director, RecFish SA	Yes	
	Thomas McNab	President, Abalone Industry Association of South Australia Inc	Yes	
	Tom Hyde	Member, Australian Abalone Growers Association	Yes	
	TBA	Member for Flinders		

We acknowledge the Traditional Custodians of the Eyre Peninsula. We acknowledge their elders past, present and emerging, 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, noting that this was the first meeting for Tom Hyde (Australian Abalone Growers Association) who was an apology at the previous meeting.

Attendees were reminded of COVID protocols and the Chair noted the purpose of the meeting was to:

- Confirm the project brief
- Confirm precinct prioritisation
- Commence the process of identifying sites within the prioritised precincts
- Identify information needed to support site selection considerations
- Present initiatives being considered for broader engagement.

2. Apologies and proxies

Andy Dyer was noted as an apology, with Mark Andrews attending as a proxy. Rob Gratton was noted as an apology for the first hour of the meeting, with Brian Jeffriess attending as a proxy.

3. Declaration of conflicts of interest

The Chair noted SSC members are encouraged to submit any real or perceived conflicts of interest in writing.

- Tom Hyde advised the SSC that he is a shareholder in Yumbah.

4. Minutes of the previous meeting

The minutes of the previous meeting held on 11/02/2022 were accepted.

4.1 Matters arising

The Chair noted that in the 'Issues, Challenges and Opportunities' discussion at the previous meeting, it was suggested that:

"The financial parameters for the project need to be understood by the SSC and potentially challenged. This includes whether any additional cost of supply to customers may or may not be acceptable."

The Chair requested an explanation of the regulatory process and the role and operation of the Essential Services Commission of South Australia (ESCOSA).

Gary noted that SA Water is a regulated business with a state-wide pricing structure, accountable to ESCOSA. This results in the cost of required capital works and operational expenditure being shared across the entire state-wide SA Water customer base. Any increase in the cost of water supply as a consequence of capital infrastructure or rising operational costs is considered on merit by the regulator, taking into account the customer's willingness to pay.

The Chair noted that the summary of the 'Issues, Challenges and Opportunities' discussion at the previous meeting emphasised the following:

"The SSC to remain focussed on the task and not be distracted by trying to solve issues and challenges beyond their brief articulated by the Terms of Reference."

The Chair encouraged the SSC to remain focused on the task and to be aware of the remit articulated by the Minister at the first meeting of the SSC.

5. Action items of the previous meeting

Steve noted that the SSC's endorsed project objectives will be presented to the SA Water Steering Committee on Tuesday 1 March, which will close out the list of action items from the previous meeting.

6. Minutes – matters of sensitivity and distribution

The Chair noted that there may be commercial in confidence information or matters of sensitivity presented or discussed at meetings of the SSC, and that he, as the Chair, will decide when an SSC discussion will be held in camera. In camera discussions will not be minuted.

7. Independent Marine Scientific Review Committee – final call

Steve noted that TSA is hoping to confirm the Marine Scientific Review Committee (MSRC) by March 2022. The primary purpose of the MSRC is to review the veracity of data related to the shortlisted sites. The MSRC will provide commentary and input for the benefit of the SSC as well as supporting the development application and the regulatory licensing process. The MSRC must not be conflicted with any approving authority by having provided advice, or intending to provide advice, through their role to SA Water, a regulator, or any other party that is a key stakeholder in this project.

Steve asked that the SSC submit any names for consideration by Friday 4 March, with an emphasis on members needing to be independent.

8. Project brief and objectives – SSC task

Steve expanded on the Chair's request for the SSC to remain focused on their brief. Steve noted that while various members of the SSC may want to address broader issues, it is important for the SSC to focus on the task as articulated by the Minister. In this regard the Minister requested that the SSC look to make a recommendation on a preferred site to the SA Government and SA Water by the end of July 2022. Steve highlighted the parameters set by the Minister as follows:

- The desalination plant will be reverse osmosis
- The plant will be owned and operated by SA Water
- A single site is needed for a single desalination plant
- The SA Government has between \$100 - \$150 million allocated – additional funding sources to support an alternative location can be identified and secured
- Billy Lights Point will remain as a base case
- Do nothing is an option.

An SSC member noted that their understanding was that SA Water would be providing \$150 million of funding and questioned whether there was opportunity for the SA Government to provide additional funding.

Steve confirmed the Minister had advised that there was \$100 to \$150 million allocated to the project by the State Government (inclusive of SA Water) and that any additional funding required would need to be sourced from alternative parties.

Gary clarified that ESCOSA has approved \$99.6 million, and that when the process was put on hold by the Minister in November 2021, the budget being discussed was \$100 to \$150 million.

An SSC member questioned whether the budget available will include project costs to date, such as previous land purchases.

TSA took the question on notice.

An SSC member questioned whether SA Water would be open to taking water from a private desalination plant.

Steve noted that this was not within the project brief of the SSC.

An SSC member questioned whether the 'do nothing' option is with reference to the SSC not making a recommendation, or the SA Government not building a desalination plant.

Steve noted that his interpretation of that point was that if the SSC is unable to make a recommendation on a site that has a solid business case, funding model and social licence, then the SA Government may choose to do nothing.

The Chair advised the SSC that in his view, 'doing nothing' is not an option.

9. Precinct preferences discussion – review of SSC ranked precincts

The Chair noted the aim of the agenda item was to identify three preferred precincts and that all SSC members had been given the opportunity to rank the precincts in accordance with the SSC decision at Meeting 2. The responses had been collated by TSA and were presented to the SSC.

The Chair advised the SSC that as Chair, he didn't participate in the ranking process.

To set the scene for the results of the SSC's overall rankings, Steve shared the following guiding principles:

- SA Water is to own all assets
- To provide water at a consistent and improved quality to all SA Water customers, desalinated water must be fed into the network at North Side Hill Tanks
- In order to provide improved water quality at varying degrees across the network, some desalinated water would need to be fed into North Side Hill Tanks
- The bulk of the potable water demand is in Port Lincoln
- With the network in its current configuration, if the borefield was to fail in the future (i.e.: bushfire), the only way of achieving water security to the entire Eyre Peninsula is to feed into the North Side Hill tanks
- As an alternative to the construction of a new transfer main, water could be fed into Summit Tanks and back-fed to North Side Hill Tanks by augmenting the existing network, however, this would result in the net reduction of bore water used (with the greatest percentage of bore water utilized in Port Lincoln)
- Consider what capacity might be needed to support future predicted business growth on the basis of identifying a pathway of certainty including demand and timeline
- No demonstrable negative impact on the aquaculture industry (brand, investment certainty, marine environment)
- The ability to access land, power supply and pipelines and plant
- Construction complexities and risk (safety) dependent upon open water vs sheltered water and ocean/land interface
- In order to mitigate the risk of unsustainable stress on the Uley South borefield, a site needs to be selected by the end of July 2022 and with desalination to be delivered into the network by December 2024.

Steve emphasised that the water network is essentially structured to work from south to north. Augmenting the network to be structured differently will incur significant costs.

Steve also noted that to provide water security and water quality improvements to the entire Eyre Peninsula, the most cost-effective way is to get water into the southern end of the network at North Side Hill Tanks. In general terms, the further away the desalination plant is from that point, the higher the cost.

Steve shared the network map and noted that 75% of the water required comes from the southern groundwater basins, primarily Uley South, into the North Side Hill Tanks, then into Summit Tanks, and then into the east coast and west coast mains. The west coast main is the longest gravity-fed main in the

southern hemisphere. If the desalination plant was at Streaky Bay or Ceduna, then the cost to get that water back into Port Lincoln would be significant.

Steve shared the SSC's combined rankings which had resulted in the following precinct prioritisation:

1. Southern Precinct
2. North Shields Precinct
3. Northern Precinct
4. Port Lincoln Precinct
5. Western Precinct

Steve provided a brief overview and understanding of how the precinct ranking was derived.

Steve proposed that the discussion should focus on the top 3 ranked precincts and that agreement be sought to exclude the Port Lincoln Precinct and the Western Precinct from any further discussion.

Steve noted that the SSC will need to test the added value that is able to be delivered in these prioritised precincts. If the SSC can identify added value for a particular site, then a higher capital expenditure could be explained by the added benefit able to be delivered to the Eyre Peninsula Community. Various examples were given as to how a higher cost option could deliver greater flexibility to meet future unknown demands dependent upon the site selected.

Steve noted that while the easiest way to achieve water quality and water security for all SA Water customers is to inject desalinated water into the network at North Side Hill Tanks, there may exist the ability to augment the network to bring water from a desalination plant located in the North Shields Precinct into North Side Hill Tanks without constructing a new pipeline.

A discussion was had regarding estimated costs for construction at Sleaford. Further information will be provided to the SSC by TSA.

An SSC member noted that it was mentioned in a previous meeting that water quality improvements for Port Lincoln would be inhibited if a site north of Port Lincoln is selected. Currently 90% of the water supply is from the Uley South Basin and 10% from the Lincoln Basin and the water quality is decreasing. Any compromise to water quality improvement and/or water security for Port Lincoln would require careful consideration.

Gary noted that a new desalination plant would significantly lessen the demands on the southern borefield to a sustainable level and see a reduction in the amount of bore water coming into the network. At this stage the project is working on the basis that some desalinated water will be injected into the network at North Side Hill Tanks resulting in a water quality improvement in the City of Port Lincoln. The question however to be asked will be, to what extent is water quality improvement required in the City of Port Lincoln. This question had previously been posed to the SSC and will continue to be a point of discussion throughout the detailed site assessment process. Whatever the source of the water, and how it is blended, it will always be compliant with the Australian Drinking Water Guidelines (ADWG).

The Chair suggested that Gary clarify what is a sustainable level of extraction from the borefield.

Gary noted that at this point in time, the data was suggesting that a sustainable level of extraction from the Uley South borefield is 3.5GL per year. On this basis it is considered that the Uley South borefield will recharge and regenerate. Further assessment and monitoring will of course be required in order to confirm this view.

An SSC member noted that there is a reasonable level of confidence that, from a long-term perspective, 3.5GL per year is sustainable. 3.5GL is well below what has historically been taken from this system. West of the basin was assumed to be saturated, but further investigation found that it wasn't – so the total area of the fresh groundwater lens is smaller than originally thought. If the resource is over-pumped, there exists a risk of sea water incursion resulting in a long-term impact on the borefield.

An SSC member questioned if a desalination plant was built in the Northern or North Shields Precinct, would Cleve and Cowell receive 100% desalinated water or would it be blended?

Gary noted that desalinated water from either a North Shields or Northern Precinct would be blended at either Summit Tanks or Knotts Hill Tanks thereby delivering a blended product to customers in the north of the network.

An SSC member noted that the water quality concern relates to the calcification of appliances and irrigation pipes and that by blending ground water with a different source of water this issue is reduced.

An SSC member noted that the focus should be to improve water quality as much as possible for Port Lincoln, where the majority of customers are located. It was also noted that a location that enables either access to power or the cost sharing of power with a third party to reduce costs should be considered.

An SSC member commented on the availability of materials for new infrastructure, given the current supply issues.

Gary noted that when the SSC agrees on the shortlisted sites, the project team will commence concept designs for all of the sites – not only for the approval process but with the outlook of ordering pipes and other equipment as soon as possible.

An SSC member suggested that the Western Precinct and Port Lincoln Precinct (given that the base case is there) should not be given further consideration.

The Chair requested that the SSC confirm the decision to take forward the following three precincts in the order presented:

1. Southern Precinct
2. North Shields Precinct
3. Northern Precinct

The SSC agreed to focus on sites within these three precincts and to eliminate the Western and Port Lincoln Precincts. The SSC noted that Billy Lights Point within the Port Lincoln Precinct would be carried forward as a base case.

10. SSC site discussion within shortlisted precincts

Based on the SSC agreement, the group discussed opportunities and challenges in each of the three shortlisted precincts.

10.1 Southern Precinct

Challenges:

- Significant constructability complexities
- Sleaford and Cathedral Rocks have high-energy environments making them good locations for brine dispersion but difficult to construct
- Taylor's Landing and Donnington Road have significant native vegetation to offset
- Land availability at Taylor's Landing, given the low-lying nature of the area, may be an issue
- Donnington Road location requires an intake from Proper Bay, which is adverse to the mussel industry.

Opportunities:

- Shoal Point is close to Uley South and the borefield thereby enabling good access to power and a large capacity trunk main
- Some sites within the Southern Precinct are more favourable from a marine discharge perspective while others are more favourable from a land-based perspective. Consideration may need to be given to the trade-offs between land and marine impacts
- In general terms, the Southern Precinct allows for easier access to the southern end of the network and North Side Hill Tanks.

Broader discussions:

Gary noted that Cathedral Rocks could be expensive to construct, potentially requiring workers to be helicoptered in to construct the intake and outlet.

An SSC member noted that a wet well would be required for the original site at Sleaford.

An SSC member noted that it would be helpful for the committee to receive information gathered by SA Water on sites already considered. It was noted that there is some information available for some of the sites, but not all.

An SSC member noted that they would also be interested in information about flows at the outlet.

An SSC member noted interest in land availability.

An SSC member noted interest in the area required for a desalination plant.

An SSC member noted that at Sleaford, one of the biggest challenges is constructing through the rock. Taylor's Landing and Donnington are not high energy locations, however they are both in the National Park which may create some different challenges, especially as it relates to native vegetation clearance.

The Chair noted that there is likely to be native title interests from Traditional Owner communities along the coast and in the National Park.

With respect to the National Park, Steve noted that discussions will need to be had with the Department for Environment in order to better understand likely issues.

An SSC member requested access to existing information about Lincoln Basin including pipeline and power accessibility.

An SSC member raised concerns over Sleaford Mere and issues with the levels of salinity near the area.

An SSC member raised the possibility of taking a closer look at the Shoal Point region given access to the Uley South borefield.

10.2 North Shields Precinct

Challenges:

- OPEX and CAPEX considerations going forward
- Dodge tides are commonplace and may impact dispersion
- Water quality is variable and inconsistent
- Aquaculture industry operate in the area (Yumbah)
- Sea water flows in this location might present the same issues as Proper Bay
- Louth Bay is a shallow Bay and may require pipes to be laid some distance from shore to access deeper water.

Opportunities:

- Possible augmentation of the network may enable water to be brought back to Port Lincoln as well as delivering greater supply to areas north of Summit Tanks. The precinct is within relative proximity to the existing network.

Broader discussions

Steve noted that while there are opportunities to use existing infrastructure at this location, any other location north of the Summit Tanks will need a new pipeline to bring water back to Summit Tanks.

An SSC member raised that the flow challenges around Boston Bay are similar with North Shields and consequently, achieving a social licence in North Shields could become difficult. It was also noted that from the top of Boston Island, the flow improves.

Gary clarified that sensors are being placed in the ocean at various locations including in the North Shields Precinct and that the results will provide a better indication of likely dispersion issues.

10.3 Northern Precinct

Challenges:

- Delivers less water quality improvement to Port Lincoln
- Significant cost of pipeline infrastructure required to get water back to Summit Tanks
- Cost of pipeline infrastructure is almost equivalent to building a new 4GL desalination plant
- Significant power costs.

Opportunities:

- While there are significant costs that would be incurred, there is merit in considering any strategic advantage that a site in this precinct might offer to future economic development projects in the northern region of the Peninsula.

Broader discussions:

An SSC member noted the likely additional costs of delivering a site within all three precincts and consequently, innovative thinking both in terms of the project and funding options will be required.

An SSC member asked if we could compare this project with any other major public utility investment in the last 10 years. It is not a large amount of money, if amortized over the next 30 years.

The Chair noted that the challenge is that SA Water is regulated and needs to meet the requirements of ESCOSA.

An SSC member asked if ESCOSA considers the impact on other industries.

It was noted that ESCOSA considers the impact on price for all SA Water customers. Other funding options should be considered outside of State Government.

An SSC member asked if SA Water will retain ownership if a private investor is involved. Steve referred to the project brief that the intention is for SA Water to own and operate the desalination plant.

11. Priority information/data required to enable site shortlist

Steve noted that he did not want the SSC to decide which sites to shortlist at this meeting, but to provide some guidance to enable the TSA and SA Water team to provide information to support the process to determine the shortlist.

Steve noted a number of key points from the discussion that the team will use as a basis to identify information needed to help the SSC further define key sites of interest.

12. Community engagement – shortlist of sites

Steve noted that the aim is to have a shortlist of sites by Tuesday 8 March in order to engage with the broader community and seek their feedback on the shortlist. Specifically, the community engagement process will aim to:

- Seek feedback – views, issues, opportunities – to provide back to the SSC
- Identify any community-based showstoppers that the SSC need to consider
- Engage landowners/neighbours around each site to endure a no-surprises approach
- Manage media interest in each site selected
- Ensure key stakeholders (elected members of the Councils) are aware of the shortlist of sites and have the opportunity to understand the disadvantages and advantages of each and provide comment
- Ensure the Councils that are impacted by a site are given opportunities outside of the SSC to understand possible implications and identify issues to be resolved (i.e., roads)
- Explore third party support (private companies, other development/project initiatives in the region, etc.).

Steve also presented the following engagement options for the SSC to consider and provide feedback on at the next meeting:

- Council presentations/workshops
- Board presentations
- Presentations to community organisations/groups (based on level of interest)
- Online survey
- Focus groups
- Drop-in sessions
- One on one discussions with landowner/site neighbours.

13. Other business

- Field trip on Monday 7 March, 12.30pm – 2.00pm, prior to the meeting scheduled for that day. SSC members are requested to advise of their intention to attend to assist in managing transport.
- Correspondence to do with SSC matters will now come from Isaac, in his role as the Executive Officer – he will be the primary point of contact for administrative matters to do with the SSC.
- A suggestion was made by an SSC member to restructure the Water Talks page, to make a clearer distinction between old information and information to do with the SSC process. Sandra Klein will review the page to determine whether any changes can be made.

14. Next meeting and close

An agenda for the next meeting will be circulated prior to the next meeting, set for **Thursday 3 March from 3.00pm to 5.00pm**.

With no further comments, the meeting closed at 5.09pm.

Open action items register

No.	Action Description	By Whom	Date Raised	Date Due	Status
1	Project Objectives – Project Director will take the SSC's amended Project Objectives to the Steering Committee at SA Water for discussion.	Project Director	11/02/22	TBC	Open
2	TSA to clarify if land acquisition cost is included in the budget allocated to this project.	TSA	24/02/22	TBC	Open
3	TSA to provide clarification regarding unit rates in relation to Sleaford Bay and current forecast.	TSA	24/02/22	TBC	Open
4	TSA to provide more information about the precincts based on the conversations had at the meeting.	TSA	24/02/22	TBC	Open
5	Executive Officer will send a meeting request to SSC members for a site visit on Monday 7 March from 12.30pm – 2.00pm.	EO	24/02/22	28/02/22	Closed