

ACTEW CORPORATION LIMITED – DECISION PAPER

Meeting No: 178 Date: 13 May 2009 File No

SUBJECT: Murrumbidgee to Googong Water Transfer Project

PURPOSE: To inform the Board of progress during April 2009; seek approval of the budget to proceed to construction of the project; and seek agreement to the Quality Pool for the Bulk Water Alliance.

BACKGROUND/ISSUES:

The Murrumbidgee to Googong (M2G) Water Transfer project is being implemented through the Bulk Water Alliance (BWA). The objective is to transfer up to 100 ML of water per day from the Murrumbidgee River to Googong Reservoir. The 100 ML per day will be sourced from natural river flows in excess of ACT environmental flow requirements. Water purchased from NSW and transferred via Tantangara Dam to the ACT would supplement the transfer of natural flows.

Key Issues

The colour of each of the four headings indicates:

- **Green** = on target
- **Amber** = movement away from target
- **Red** = significant issues under active management

Costs
Cost compares to ICRC allowances compared on a "like-for-like" basis.

	A.C.T. LEGISLATIVE ASSEMBLY COMMITTEE OFFICE
EXHIBIT	/
DATE RECEIVED	18/2/2010
INQUIRY	ANNUAL REPORTS 08-09

Authorised for Publication

11/3/2010

6 May 2009

BOARD IN CONFIDENCE

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COST:

The TOC has been developed in line with the Project Brief and BWA Program Alliance Agreement requirements. Development has involved owner representatives, designers, constructors, the owner's independent estimator and industry experts.

The TOC has been approved by the BWA Alliance Project Management Team and the Alliance Leadership Group.

6 May 2009

MAILED IN CONFIDENCE

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2/15

The TOC (see Table 1 below) is underpinned by competitive tender pricing, 30% design drawings and specifications, and agreed construction and rehabilitation methodologies. A detailed TOC report presents the design basis, construction and rehabilitation methodologies, resourcing plans, escalation allowances, and contingency risk pricing.

The TOC is based on two pump stations (low-level and high-level) and 13 km of underground pipeline. The proposed pipeline is a 1.0 m diameter mild steel cement lined pipe with an earth cover of at least 600mm. Around 1 km of the pipeline excavation will require blasting, and tunnelling is proposed under the Monaro Highway. A 15 m wide operational easement will be acquired and all disturbed areas will be reinstated to existing condition or better.

This cost does not include the upstream Burra Creek discharge option strongly favoured by many of the local community and affected landholders. This option has the potential to save around \$2.5 million but may require ACTEW to commit to ongoing support of creek management activities.

The mini-hydro power generation facility is included as a \$7 million provisional item in the TOC. The proposed facility will be subjected to a multi-criteria assessment before a recommendation to proceed is made

Table 1: Target Outturn Cost (TOC)

Cost Description	Total
Direct & Indirect Costs	
Escalation	
Risk Allocation	
Management Fee	
Target Outturn Cost	
TOC Project Fee	
Quality Pool	
Total (excludes Provisional Sums)	\$107,448,000
Provisional Sum - Mini Hydro	\$7,000,000
Provisional Sum - Approvals	\$2,300,000
Total (includes Provisional Sums)	\$116,748,000

The total project cost to ACTEW is shown in Table 2 below. The total cost includes additional items such as planning expenditures incurred before the BWA was established, the purchase of a water access entitlement at Angle Crossing, the preparation of environmental assessments and planning submissions, and an ecological monitoring program for the Murrumbidgee River and Burra Creek to 20011/12. The yearly expenditure estimates shown in Table 2 are based on the current project work plans and schedules. It is expected these will be further refined as the project begins construction phase and some movement in expenditure between financial years may occur.

Ongoing stakeholder management, land access and easement expenses are also required to safeguard ACTEW's reputation and to facilitate planning approvals.

Table 2: Total Cost

	2007/08 \$	2008/09 \$	2009/10 \$	2010/11 \$	2011/12 \$	TOTAL PROJECT
Project Initiation						\$ \$
Preliminary Design & TOC Development						\$ \$
Detailed Design, Construction & Commissioning						
ACTEW		2,854,000	6,540,000	6,921,000	1,104,000	\$ 17,419,000
BWA		1,358,000	33,899,000	76,324,000	5,167,000	\$ 116,748,000
Close out					269,000	\$ 269,000
Total Expenditure	1,629,000	17,940,000	40,439,000	83,245,000	6,540,000	\$ 149,793,000

Table 3 below shows the cost escalation of the project cost from the original \$96.5 million allowed by the ICRC to the current total cost of \$149.5 million.

Table 3: Cost Escalation of ICRC Allowed Project Expenditure for M2G

Costs	Estimate (\$000)	Comment
ICRC allowed estimate of project cost in 2006/07	\$96.5	As per ICRC determination following the initial proposal by ACTEW in April 2008
ICRC allowed estimate of project cost in 2008/09	\$109.2	Applying the Australian Bureau of Statistics Construction Index for Roads and Bridges escalates
ACTEW indicated increase of resource cost of 15-30% in December 2008 report.	\$141.9*	Applying the top of the range cost increase as per December 2008 report to the ACT Government.

*The mini hydro could add a further \$7 million to bring the ICRC equivalent total to \$149 million.

This cost increase is also in line with that forecast by ACTEW to the ACT Government in the December 2008 report.

Approval of the budget will enable early procurement of long lead time equipment to progress without impact on the Project schedule. Major pumps, for example, will take between 12 to 14 months from ordering to delivery.

BOARD IN CONFIDENCE

THE BOARD RESOLVES:

1. To note progress on the Murrumbidgee to Googong Water Transfer Project,
2. To approve a total budget of \$149.8 million for Project implementation (inclusive of \$2 million Quality Pool),
3. To approve a Quality Pool of 2% for all BWA projects (which will be included in each TOC report), and
4. To delegate and authorise ACTEW's Managing Director to approve expenditure to an upper limit of \$149.8 million for implementation of the Murrumbidgee to Googong Project.