

Watchdog rejects water pipe plan

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A plan by a private company to build a desalination plant at Esperance and pipe the water to the Goldfields has been rejected by the State's economic watchdog.

The Economic Regulation Authority has found the cost of the proposal, which would replace the existing C. Y. O'Connor pipeline from Mundaring to Kalgoorlie and free up water for Perth, outweighs its benefits.

United Utilities Australia wants to build a 12GL desalination plant at Esperance and a 400km pipeline linking the plant to Kalgoorlie. The plant and pipeline would cost \$447 million to build and deliver water at \$3.75 to \$4 a kilolitre.

The company claims the plan would provide unlimited water to the Goldfields and create \$2.5 billion in economic development.

But in a draft report released this week, the ERA said the cost of the proposal was \$56 million to \$143 million more than simply increasing the delivery capacity of the Water Corporation's existing Mundaring to Kalgoorlie pipeline to meet projected needs. It said the extent to which the proposal would enhance regional economic development was unclear.

But United Utilities managing director Graham Dooley disputed the ERA's conclusion, saying it had failed to evaluate the full benefits of the proposal.

He said that while 12GL of water was delivered by the existing pipeline each year, demand was about 20GL and many mine proposals had been shelved because of the shortage of water.

His company planned to design the plant and pipeline so it was capable of delivering up to 37GL a

year. He accused the State Government, which ordered the ERA inquiry in January, of failing to investigate the proposal properly.

"This is a clear breach of the Premier's commitment to United Utilities Australia that a full cost benefit analysis of our project would be carried out," he said.

But in a statement, Premier Geoff Gallop said the Government was confident that all the issues associated with the project would be thoroughly examined through the ERA process.

The Government would reserve its position until the ERA's final report in September.

National Party leader Brendon Grylls said the State Government should think beyond the strict cost benefit analysis and consider the potential of the project for State growth.