



# MEDIA RELEASE

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## WUA ACQUIRES KOORAGANG ISLAND WATER SUPPLY FROM HUNTER WATER

Water Utilities Australia (WUA), wholly owned by Funds managed by Colonial First State Global Asset Management (CFSGAM), known outside of Australia as First State Investments, has acquired the Kooragang Industrial Water Scheme and business (KIWS) from Hunter Water Corporation.

KIWS was commissioned in 2014 to supply high grade industrial water to large water users in the Kooragang Island heavy industrial precinct in the Port of Newcastle as a means of taking those users off the main potable water supply. This was one of a range of demand management initiatives by Hunter Water to enhance water security.

Hunter Water Managing Director Jim Bentley said the sale of KIWS represented a great outcome for Hunter Water by ensuring the continued supply of recycled water to industry, whilst reducing demand on the region's potable water supply reserves.

"Hunter Water built KIWS to reduce demand for drinking water", Mr Bentley said. "It will continue to serve this purpose for Hunter Water under new ownership, while allowing Hunter Water to reinvest the capital into essential infrastructure required to meet the needs of our growing population.

"When brought online in 2014, this facility enhanced the water security of the Lower Hunter region by reducing the region's potable water use by up to 5%.

"With the Hunter's population expected to exceed 860,000 by 2036, recycled water supply will continue to be core to our business as we meet the challenge of conserving potable water and deferring large investments in source augmentation.

"This will include how we can invest in recycling, reduce water lost in our network and partner with community to explore future technologies that can help us conserve water."

The KIWS infrastructure comprises reclaimed effluent supply pipelines, an advanced water treatment plant, delivery pipelines to customers and related storage, pumping and metering equipment.

"For CFSGAM, this is an ideal investment", said Mr Graham Dooley, the CEO of WUA and a Senior Advisor to CFSGAM.

"It improves the water reliability for the connected customers, it recycles a waste product, and it ensures that the capital tied up in a non-core asset of Hunter Water's is returned for higher value purposes. Like most water infrastructure investments, it also yields a steady return on investment to the CFSGAM Fund and its investors that is not dependent on rainfall.

“WUA has been pleased to add this industrial water utility to its other two water utilities as a step in its strategy of building a portfolio of water utility and infrastructure investments across Australia.

“We also look forward to working with other nearby industries who are potential customers and with Hunter Water to further extend the strategy of potable water substitution”, Mr Dooley said.

WUA already has a water utility operating licence issued by ESCOSA, the economic regulator in South Australia. A WICA Licence from the equivalent NSW economic regulator, IPART, is expected to now be confirmed.

Suez Water Australia has entered into a contract with WUA to perform the operations and maintenance role on the site and to manage the day to day customer interface.

KIWS was designed and built by Hunter Water to high technical standards for which an EPA Licence applies. This Licence will now be transferred to the new owner and operator.

“All over Australia, owners of water utilities and infrastructure in the municipal, industrial and agricultural sectors are considering how they can recycle some or all of their capital tied up in these types of assets now that investors like WUA have the funds to invest in them.

“The States across Australia have empowered economic and technical regulators to oversee Licence holders and enforce performance to the standards required. The regulators will also oversee how prices are set.

Therefore, as this acquisition demonstrates, it is now not relevant whether a water utility is owned by a Government body or an investor”, Mr Dooley concluded.

Price and terms are not disclosed.

#### About Kooragang Industrial Water Scheme

The Kooragang Industrial Water Scheme (KIWS) is an advanced water treatment plant located within the industrial precinct of Steel River in Mayfield West. The plant uses a micro-filtration and reverse osmosis process to produce up to 3.3 billion litres of recycled water per annum, supplied to local industry under long term contracts.

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