



EXPRESSION OF INTEREST

PILBARA WATER OPPORTUNITIES PROJECT

OCTOBER 2009

The future development of Pilbara water resources will play an important role in the region's economic diversification. For this reason the Government through the Department of Regional Development and Lands is keen to receive Expressions of Interest that will create secondary economies which may include agriculture, silviculture, aquaculture, tourism and recreational development and indigenous capacity building within the Pilbara hinterland.



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About the Department of Regional Development and Lands

The Department was formed on 1 July 2009, bringing together key areas that will help bring a new focus to regional Western Australia.

The Department incorporates the State Land Services and Pastoral Land Services from the former Department for Planning and Infrastructure with Regional Development and Major Regional Projects from the former Department of Local Government and Regional Development.

The Department has six divisions:

- Major Regional Projects (Royalties for Regions)
- Ord-East Kimberley Expansion
- Lands
- Regional Development Policy and Operations
- Community Resource Network
- Executive and Corporate Services

Royalties for Regions

Royalties for Regions is an historic agreement that underlines the State Government's long-term focus on regional development throughout Western Australia.

Through Royalties for Regions, the equivalent of 25 per cent of the State's mining and onshore petroleum royalties will be returned to the State's regional areas each year as an additional investment in projects, infrastructure and community services.

Royalties for Regions is being distributed through three funds:

- The Country Local Government Fund
- The Regional Community Services Fund.
- The Regional Infrastructure and Headworks Fund (which includes the Regional Grants Scheme)

Context

Under the Government's Royalties for Regions program, \$300 million in funding has been allocated to the Pilbara Revitalisation Plan.

This commitment to the people of the Pilbara region is delivered under the six key policy objectives of Royalties for Regions as follows:

- Building capacity
- Retaining benefits
- Improving services
- Attaining sustainability
- Expanding opportunity
- Growing prosperity

Phase One of the Pilbara Revitalisation Plan is focused on the four key delivery initiatives of health, energy, water and community development. The future development of Pilbara water resources will play an important role in the region's economic diversification.

The Department of Water released the Draft Pilbara Regional Water Plan (PRWP) for comment in November 2008.

The purpose of the PRWP is to provide a strategic approach to water planning in the Pilbara. The plan outlines a strategic approach with a planning view to 2030 and identifies priority actions for implementation over the next five years. The objectives of the PRWP are:

- Security of supply
- Balanced use of water
- Management of cumulative impacts
- Integrated land use and water planning
- Aboriginal and heritage values
- Appropriate quality allocation
- Support of high value industrial/agricultural use and the linking of water sources.

Pilbara Regional Water Supply Pre-Feasibility Study

Following the completion of the Department of Water's (DoW) PRWP in 2008, DoW and the Department of Local and Regional Development (now the Department of Regional Development and Lands – RDL), engaged consultants through the Royalties for Regions program, to undertake the pre-feasibility study to identify water supply integration opportunities in the Pilbara Region.

The Pilbara Integrated Water Supply Prefeasibility Study was completed in May 2009. The study showed that careful and sustainable development of water is essential for the region to progress. The study also identified a range of options for water in the Pilbara including the use of excess water from mining operations; supplementary borefield development and pipeline construction to integrate source with demand.

The outcomes of the study were to be used for a submission to obtain funding to conduct further detailed investigations into water supply options in consultation with the private and public sectors. As part of the study, water supply schemes were identified that supported the objectives of the PRWP. These options included:

- Use of water extracted by mine dewatering operations
- Supplemental groundwater for water supply schemes
- Development of aquifers near the coast
- Construction of transfer pipelines from source to demand locations
- Desalination options.

The study showed that the estimated cost of options varied considerably depending on the level of complexity and scale, however, there were several potential entry level opportunities with development of agriculture and other diversification options utilising mine dewatering.

Regional large scale and more complex options may require further investigation through the development of further investigations or feasibility studies.

The scope of these studies may include:

- Water resources assessment (yield volume & quality)
- Demand assessment
- Option analysis (including those identified in the study)
- Identification of environmental constraints
- Sustainability evaluation (social, economic and environmental)
- Economic analysis

Further details and the outcomes of the Pilbara Regional Water Plan and Pilbara Integrated Water Supply Prefeasibility Study may be found on the following web links respectively:

<http://www.water.wa.gov.au/Water+regions/Pilbara/Pilbara+regional+plan/default.aspx>
<http://www.royaltiesforregions.wa.gov.au/Docs/PilbaraPre-FeasabilityStudy.pdf>

Expression of Interest (EOIs)

The focus of this evaluation is to further explore and test “on the ground” pilot projects which may include the use of novel technologies. Associated works such as borefield yield testing, soil analysis and studies, as outlined in the Prefeasibility Study will also be considered.

The Department of Regional Development and Lands has budgeted \$2.5 million under the Royalties for Regions Pilbara Revitalisation Plan Phase One for projects which have applicability in the Pilbara region of Western Australia.

The Department of Regional Development and Lands is now calling for Expressions of Interest for project proposals that will demonstrate the feasibility of use/reuse of water abstracted pre, during and post mining operations and ground and surface water supplementation. Of special interest are those that create secondary economies which may include agriculture, silviculture, aquaculture, tourism and recreational development and indigenous capacity building within the Pilbara hinterland.

The testing of viability will be by means of “on the ground” pilot trials of selected water projects in the Pilbara. These should be consistent with the objectives of the Royalties for Regions Program previously referred to under “**Context**”.

There is potential for further funding of selected projects through Phase Two of the Pilbara Revitalisation Plan, subject to government approvals being granted.

Evaluation Panel

Submissions will be evaluated by an Evaluation Panel comprising senior officers of the Department of Regional Development and Lands (RDL), Pilbara Development Commission (PDC), Department of Water (DoW), Department of Agriculture and Food WA (DAFWA) and an independent industry representative. Membership of the panel may vary according to the aspects of the proposal being considered.

Information required in EOI

As a guide, the following minimum information should be included in the submission.

This information is expanded in Annexure A – Project Submission Template

- Project Title
- Project Purpose
- Background and Overview
- Project Objectives
- Project Scope and Deliverables

- Project Design
- Project Environmental, Health and Safety
- Implementation Plan
- Project Sustainability
- Project Budget
- Project Governance
- Project Controls
- Key Stakeholders
- Approvals
- Risk Management

The Respondent should include any additional supporting information and documentation of relevance to the submission.

The Department of Regional Development and Lands reserves the right to request further information from the Respondent to assist in the evaluation.

Evaluation Process

An Evaluation Panel will assess submissions and make recommendations regarding selected projects.

RDL is not obliged to select any EOI, and may reject any or all of the responses. In addition, RDL is not obliged to enter into formal contractual negotiations with any Respondent and may elect not to proceed with this EOI at any time at its sole and absolute discretion.

If selected, the Respondent's EOI Submission will be used as the basis for negotiation of a formal Contract.

Evaluation of Responses

All submissions will be assessed based on merit in order to determine the best outcomes for Western Australia and achievement of the following outcomes in the Pilbara:

- Ability of the project to meet the Royalties for Regions key policy objectives
- Delivery against the strategic objectives of the Pilbara Regional Water Plan
- Extent to which the project mitigates current problems with water
- Encourages economic development and diversification through the creation of secondary economies which may include agriculture, silviculture, aquaculture, tourism and recreational development and indigenous capacity building within the Pilbara hinterland

- Experience and capacity of respondents in the implementation of proposed partnerships with Commonwealth/State Government, Industry and Indigenous Communities
- Maximises and leverages private investment funding ie minimise proportion of funding request relative to total funding
- Maximises the use of local sub contractors and labour.

Submissions will be assessed based on, inter alia, the following main categories and relative weightings (as percentages):

- | | |
|--------------------|-------|
| • Technical | 25% |
| • Economic | 30% |
| • Social/cultural | 20% |
| • Environmental | 12.5% |
| • Regulatory/legal | 12.5% |

Specific “technical” considerations include, but are not limited to:

- Team composition, experience – has the team undertaken this type of project before, are they experienced and do they have capacity?
- Is the implementation plan realistic?
- Will the project start prior to June 2010 and be completed by December 2010?
- How efficient is the water use proposal?
- Does this integrate various user/s eg mine, agricultural, community?
- Does the proposed water supply provide long term security?
- Is the water use "fit for purpose"?
- Does water use consider the social, cultural, environmental and economic criteria?
- Fit within budget - is estimate realistic and of sufficient detail?
- How sound is the business case development?
- Degree of leverage required (ie percentage of private investment, Commonwealth funding or other funding requirements)
- How does this proposal rank versus others in terms of value add to water use?
- How financially sound is the proponent?
- Does the proposal have an independent long term future?
- Does the project expand new opportunities in the region?
- Does the project assist with expansion of the growth in the region?
- What is the impact on Aboriginal and heritage values?
- What is the impact on job creation and careers?
- What is the Impact on training and capacity?
- Does this enhance retention of benefits in the region?
- How does this improve services in the regions?
- Does this proposal improve the environmental situation?
- Are long term impacts on ecosystems managed?
- Are impacts of overall system considered in proposal?

- How easy will approvals be to obtain?
- Does the project fit well with new or proposed legislation?
- Has tenure been assessed; are land tenure issues easily addressed?

Grant amounts

The \$2.5 million in available funding will be delivered in a range of grant amounts.

These will be classified into three categories as follows:

Small	\$10,000 to \$50,000
Medium	\$50,001 to \$250,000
Large	\$250,001 to \$500,000

The maximum grant available will be \$500,000 (GST exclusive) per project. Amounts greater than \$500,000 may be considered if a project demonstrates exceptional merit. Financial assistance provided under this EOI will be dependent on the availability of funds.

Submissions that provide matching, in-kind or leveraging contributions towards the costs of the proposed project, will obtain preference in the assessment of proposals.

EOI Submission closing date

Expressions of Interest close at **2pm WST on Monday 7 December 2009.**

Privacy

Personal information gathered by RDL will only be used for the purpose for which it was intended and RDL takes all reasonable steps to ensure the personal information it holds is protected from misuse, loss or unauthorised access.

All submissions including Intellectual Property will be dealt with as "Commercial in Confidence".

Respondents should be aware that the Department of Regional Development and Lands is subject to the WA Freedom of Information Act. Successful Respondents should also be aware that information pertaining to the receipt of financial assistance may be tabled in the Western Australian Parliament. This information could include the name of recipients, the name of the project and, possibly, a brief description thereof. This could result in requests for more detail to be released publicly.

Important Information

The Government retains the right to withdraw from this project at any time prior to the granting of any contract or tender for the completion of the projects contemplated.

The cost of preparing expressions of interest and tender proposals are to be borne by the parties making the submissions.

Lodgement of Submissions

Submissions are to be marked as follows:

Pilbara Water Opportunities – EOI

Private and Confidential

Attention Ms Tiffany Allen

Deliver by hand to:

Department of Regional Development and Lands

Reception Level 10 DUMAS HOUSE – 2 Havelock Street, West Perth by 2pm on Monday 7 December 2009

Or by mail - posted by Wednesday 2 December 2009 to:

Department of Regional Development and Lands

PO Box 1143

West Perth WA 6872

Note - Faxed or electronic submissions will not be accepted

Enquiries to:

Ms Tiffany Allen

Principal Project Officer

Project Co-ordination and Delivery – Infrastructure

Department of Regional Development and Lands

E: tiffany.allen@rdl.wa.gov.au or Tel: (08) 9217 1653

ANNEXURE A
PILBARA WATER PROJECT OPPORTUNITIES
EXPRESSION OF INTEREST
PROJECT SUBMISSION TEMPLATE

THIS TEMPLATE SERVES AS A GUIDE TO RESPONDENTS IN MAKING A PROJECT SUBMISSION

Company Details

- Company Name
- Address
- Phone
- Email
- Contact Person

Project Title

What is the name of the project eg agricultural development using water from Mine

Project Purpose

Statement of need ie what will the project deliver.

Background and Overview

Background to the project and project overview including description of the project.

Project Objectives

Objectives should be simple, measureable, achievable, realistic and time bound eg

- Use excess mine dewatering from Mine to the community
- Transfer of water from mine to grow bio-fuels which will power the mine
- Reduce environmental impacts of excess water on the stream
- To supply 10 ML/d of potable water to community by December 2010
- Improve the health of the community

Project Scope including Key Deliverables

- In scope – Details of what the project will deliver
- Out of Scope – What the project won't deliver? ie what is excluded from the project?
- Assumptions – eg land access is available
- Constraints – Are there any constraints to the project?
- Deliverables - What will the project deliver in terms of benefits?
- Timing – eg will the project commence by June 2010 and be substantially completed by 31 December 2010?

Project Design and Implementation

- Conceptual design
- Implementation plan – how will the project be undertaken?
- Schedule and key milestones

Project Environmental, Health and Safety

- Identification of key environmental, health and safety (EHS) risks
- Management strategy for project EHS
- Biosecurity aspects

Project Sustainability

- What is the longevity of the project and operational life span?
- Security of the water supply
- What will happen to the project when eg the mine supplying water closes?

- **Project Budget**

- What funds are requested?
- What is the leverage? – ie private investment as a proportion of total requested funds

Project Governance

How will the project be managed from a governance perspective? Include details of:

- Project Owner
- Project Sponsor
- Project Manager
- Project Team
- Steering Group / Working Party

Project Controls

How will the project finance/timing/schedule be controlled?

- Review Process
- Variance Approvals Process
- Issue escalation
- Reporting requirements

Key Stakeholders

Who are the key stakeholders on the project and what is the communication strategy?

- Department of Regional Development and Lands
- Minister for Regional Development; Lands
- Department of Water
- Department of Agriculture and Food
- Pilbara Development Commission
- Community
- Others?

Risk management

What are the key risks/opportunities in the project and what are the proposed mitigation measures in the following main areas?

- Technical
- Environmental
- Political
- Economic
- Legal
- Social/community

Future Related Projects

Details of other related projects:

- Other future related / complementary local and/or regional projects
- Other future projects dependent upon this one for viability

Project Approvals

What approvals need to be obtained? eg

- Operating Licenses
- Construction approvals

General

- Other key aspects that should be considered in the submission