



Media Release

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14 December 2022

Construction to start on major plant upgrade

Construction on the Warrnambool Sewage Treatment Plant Upgrade Project will start next month following the appointment of contractors for the main stage of works.

Wannon Water's Board has signed a deal worth nearly \$67 million with specialist Melbourne-based contractor CCB Envico.

Acting Board Chair Ken King said he was excited that work on the long-awaited construction would be underway.

"This is Wannon Water's largest-ever single infrastructure project and supports our commitment to protect public health and the environment," Mr King said.

"It's an absolutely vital project designed to meet future industrial and residential growth in our region and return huge economic benefits."

The upgrade will provide additional capacity at the plant, allowing for an additional \$199 million of annual economic value and 1,512 more jobs for the region by 2040.

Managing Director Andrew Jeffers said the initial total project cost estimate of just over \$37 million was forecast more than five years ago, reflecting the market at the time.

"We've seen a step-change in costs across all elements of the project since then," Mr Jeffers said.

"The design and approvals process took much longer than we anticipated and the impact of the pandemic was unavoidable," he said. "One of the biggest factors driving up the cost is supply and demand, with a huge rise in construction activity across the state, a shortage of specialised contractors in regional areas, the volatile nature of global supply chains for materials, and associated cost escalations."

Funding for the project was included in Wannon Water's 2018-23 Price Submission. The additional funding required for the full project – now forecast at \$85 million – has been included in the next five-year price submission.

Mr Jeffers said Wannon Water's strong financial position allowed the corporation to borrow money to help fund the additional costs rather than increase customer bills now. "The sewage treatment plant is a long-lived asset so it's prudent that we pay the cost off over the life of the plant," he said.

CCB Envico has been operating for nearly 20 years in the water and sewerage sector. Together with several key sub-contractors, it has successfully delivered previous projects for Wannon Water, including significant work on the upgrade of the Warrnambool Water Treatment Plant.



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CCB Envico's major clients in Victoria include Yarra Valley Water, Western Water, North East Water, Coliban Water and Gippsland Water. Prior to the pandemic, it completed a \$34 million, joint-venture sewage treatment plant in Drouin of similar scale and scope to the Warrnambool project.

Stage one work at Warrnambool was completed in October, with initial site clearing and the removal of material contaminated with heavy metal from the abandoned rifle target facility. This area will be revegetated in partnership with local groups once construction is completed.

Initial site work will begin this month ahead of the major construction early in 2023. The project is expected to be completed in 2025.

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