



MEDIA RELEASE

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HUNTER WATER ANNOUNCES SALE OF KOORAGANG INDUSTRIAL WATER SCHEME

Hunter Water Corporation (Hunter Water) has agreed to the sale of the Kooragang Industrial Water Scheme (KIWS) to ITOCHU Corporation, the Tokyo-headquartered Japanese trading house with significant investments in both the Australian water sector and the Hunter Valley.

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, which is sold under a long term contract with Orica Limited. Commissioned in November 2014, the plant has been in operation for 12 months.

Hunter Water Interim Chief Executive Officer Jeremy Bath said the sale would have no impact on the long term operation of the plant, on the local water supply or on water prices proposed for 2016 to 2020 in Hunter Water's recent price submission to IPART.

"The sale of KIWS represents a great outcome for Hunter Water, ensuring the continued provision of recycled water to Orica while reducing demands on our drinking water supply system."

"KIWS has the potential to reduce the region's water use by up to 5%, effectively increasing Hunter Water's storage levels by that same amount. It has also substantially increased the percentage of sewage we recycle to approximately 8% of total wastewater.

"The sale will also benefit Hunter Water's balance sheet by freeing up capital to invest in the region over the coming decade and will also reduce expenditure on servicing the borrowings associated with the construction of KIWS.

"Hunter Water intends to invest more than \$1 billion to improve infrastructure over the coming ten years as part of our commitment to ensure the region is ready for the population growth forecast over the coming three decades.

"By carefully and selectively identifying assets that free up capital, Hunter Water can ensure we still obtain the benefits that come with infrastructure such as the KIWS, but without the substantial associated costs," he said.

Post completion of the sale, the long term operation and maintenance of the plant will be conducted by SUEZ Australia, a leading specialist water treatment operator with extensive experience in Australia and New Zealand.

For the sale of KIWS, Pottinger acted as business advisor to Hunter Water and Norton Rose Fulbright acted as legal advisor.

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