

Newsletter to Barossa Infrastructure Customers

Scheme Expansion

The scheme expansion of 750 Megalitres per year has been approved and contracts are currently being signed. Of the 52 new contracts 70% were with existing Customers and most of the new Customers had existing vineyards that had been previously supplied by SA Water. The scheme expansion is on the basis of no cost to existing Customers with benefits to accrue in the form of reduced water prices, as the fixed costs of supply are spread over a greater volume of water.

The cost for each Megalitre for the new Customers includes a levy payments of \$10,500 spread over 7 years, purchase of shares in Barossa Infrastructure Ltd, and the cost of new connections or upgrade of existing connections. The funds raised from these levies and shares are required to meet the SA Water charges for the additional supply and upgrade of the supply to the Warren Reservoir.

New Customers commence taking water from the commencement of the new water year on 1 October 2014.

Reduction of the Price Increase for 2014/2015

The Board will recommend to the Annual General Meeting a reduction in the price of water for all Customers as a result of the new water sales and the increased volume of water contracted. The Board will recommend a 1 cent per kilolitre or \$10 per Megalitre reduction in the automatic price increase of 3 cents per kilolitre or \$30 per Megalitre in the price of Premium Water.

An automatic price increase is provided in your Customer Contract as a result of the price increase advised by SA Water. For 2014/15 SA Water has advised BIL of an average 3.7% price increase. This means that BIL prices will increase by 2 cents per kilolitre or \$20 per Megalitre after allowing for the price reduction. The price for Premium Water will increase by 2.6% to 80 cents per kilolitre or \$800 per Megalitre.

The new prices from 1 October 2014 are:

2014/15 calculation Cost \$/KL		\$/ML
0.80	Premium	\$ 800
1.00	Off Peak	\$ 1,000
0.50	Not taken	\$ 500
1.33	Spot	\$ 1,330
4.00	Excess water Charge	\$ 4,000
0.73	CWMS Premium	\$ 730
0.93	CWMS Off Peak	\$ 930

Rebate to Customers

Customers will shortly receive a rebate of \$100 per Megalitre on the charge for water paid for in the 2013/14 financial year.

Once again the rebate arose from the exceptional demand for water during the very hot summer. It was possible, because of the decision to expand the scheme, to order some of the increased water a year earlier and supply additional water to Customers. As reported last year, the supply price of water to Customers is largely fixed, with a smaller component varying with the total volume supplied. This is the reason for the unused water charge of 50 cents/ kilolitre (\$500/ ML). The volume of water supplied in 2013/14 has resulted in income being generated from water sales in excess of the budgeted amount. Accordingly your Board has returned this unexpected surplus income in the form of a rebate on all water sold during the 12 months to 31 March 2014.

End of Water Year

The BIL water year ends on 30 September 2014. The meters will be read on 1 October 2014.

Temporary Trading of BIL Water in 2014/15

There is not likely to be any additional water available in 2014/15 water year. BIL will as always facilitate the transfer of water between Customers. To enable this to occur Customers who have surplus water in 2014/2015 should register their water using the attached form. BIL will allocate water trades on a first-come basis, which will be shown on your next water account. If you need to confirm the trade please ring the office.

Contact for BIL Operations

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