

3 June 2024

**Additional Supplementary Water****Mid-2024 Update**

Dear BIL Shareholders,

At the October 2023 AGM, BIL sought and obtained shareholder support for continuing, for a further six months, investigations into the viability of using treated wastewater from SA Water's Bolivar Wastewater Treatment Plant throughout the BIL scheme in lieu of River Murray water, and creating a water supply into the Eden Valley region.

The investigation will be completed shortly. This update is intended to keep shareholders informed.

**Summary**

KBR's finalised Detailed Business Case showed supplying the region with an additional water source from Bolivar is not financially viable at this time.

The current investigation into replacing all of BIL's River Murray water with treated wastewater from SA Water's Bolivar wastewater treatment plant is also not financially viable at this time.

Over the next month, BIL, the Department for Environment and Water (DEW) and SA Water will finalise the investigation of source water to the Eden Valley region.

To provide a full update and allow for questions, BIL and Barossa Australia will co-ordinate a public meeting to be held in mid July 2024.

**History**

Since 2019, BIL has been in discussions with SA Water and the State and Federal governments for an additional water source to the Barossa region.

The following table details BIL's involvement since 2019.

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Early 2019 to late 2020	The State developed an \$800k Preliminary Business Case for treated Bolivar water to the Barossa and Eden Valleys. The State also prepared a Regional Issues & Options Report. BIL participated in both studies to the extent we were invited.
Early 2020	BIL put a Bolivar focused project proposal to SA Water but were advised this was unable to be considered while the abovementioned studies were ongoing.
2020 and 2021	BIL participated in two Barossa water forums, a water roundtable with the then Federal Minister for Water, two confidential State working groups and a confidential State market sounding process. We also engaged consultants to prepare an engineering concept and to undertake a water quality study.
Early 2021 to late 2022	DEW led the development of the Barossa Water Security Strategy that concluded additional imported water is required into the future. BIL participated at multiple levels, including in the Steering Committee.
Mid-2021	Recognising the lack of progress by the State, BIL put a project proposal to PIRSA which was dismissed almost immediately.
Mid-2021 to mid-2022	Federal Government funding of \$4.5m was provided to the State for a \$6.2m Detailed Business Case for treated Bolivar water to the Barossa and Eden Valleys. KBR was commissioned to prepare the necessary reports. BIL participated to the extent we were invited.  From mid-2022 to October 2023 the final report sat with the State awaiting public release.  During this time, BIL met with the then Federal Water minister, the Federal local member, and CEO's and senior personnel of SA Water, PIRSA, DEW, and Treasury and Finance. We also had confidential commercial discussions with the State.
Early 2022	Again in response to a lack of progress towards a viable outcome, BIL developed a concept for its own pipeline from the River Murray.  BIL also requested SA Water prepare an offer to increase the capacity of our River Murray water supply. Their study and offer is considered incomplete by BIL's Board, and this item remains open.
2023 - 2024	The State developed a Resilient Water Futures study. BIL participated at many levels to ensure the regions water needs were incorporated.

In October 2023, Deputy Premier Close asked DEW, SA Water and BIL to consider the viability of replacing all of BIL's River Murray water with treated wastewater from SA Water's Bolivar wastewater treatment plant, and creating a water supply into the Eden Valley region.

We understand SA Water's view on the capital and operating cost of a treated Bolivar supply is significantly higher than the Detailed Business Case by KBR and the current study by DEW's consultant. This renders the project not financially viable at this time.

A source water option for the Eden Valley region remains under investigation. The concept is for River Murray water to be transported by SA Water in autumn, winter and spring months to BIL, then for BIL to extend into the Eden Valley region. If this were to proceed, only customers taking water in the Eden Valley region (existing and new) would pay for this.

### **Discussion**

BIL's Board and management are disappointed that the time, effort and money spent on the activities mentioned above have not yet resulted in additional water into the Barossa and Eden Valley regions.

The position of the Barossa region - some 50km from the River, some 50km from Bolivar, and 350m or more higher than both of these water source - means that all options are expensive and currently heavily reliant on SA Water. This brings an array of challenges that are, to a large extent, out of BIL's control.

### **Summary / Next steps**

A water supply from Bolivar is not financially viable at this time from both a capital and operating cost perspective.

- **Capital cost:** The recently completed DEW study indicates a total capital cost significantly greater than the KBR estimates. After allowance for possible Federal government assistance and BIL's capacity to contribute both from new water sales over time and from the sale of River Murray entitlements, there would be a large shortfall requiring funding from the State Government or SA Water. We have been advised that such funding is not available at this time.
- **Operating cost:** The State has advised that full cost recovery of treatment at Bolivar to the required water standard and other transport costs is required. This results in an estimated annual water price to customers of approximately double BIL's prevailing price.

BIL remains interested in exploring alternate water supply options, including Bolivar sourced options but has concluded that at this time such options are not viable. We are aware that some BIL customers are considering building a private pipeline from BIL to their properties in the Eden Valley region. This would allow those parties to use their existing BIL water at their EV vineyards. We ask that these customers bear with us for another month or so while we finalise the current EV investigation.

BIL has set a June deadline to complete the current study for source water to Eden Valley.

BIL's Board will consider all options further at its June Board Strategic Planning Day.

BIL will then work with Barossa Australia to convene a public meeting to provide an update and to answer any questions. We anticipate this meeting will be in mid July 2024.

In the meantime, if you have any questions, please give me a call.

Regards,



Simon Schutz  
General Manager