

November 2011

Newsletter to Barossa Infrastructure Customers

BIL Water Prices for 2011/12 Water year - Reduced

Following a recommendation from the Board, shareholders voted at the AGM to reduce BIL prices by 2 cents per kilolitre. This was possible due to reduced system losses that will occur as the electronic flowmeters are installed.

The revised prices from 1 October 2011 are:

Premium Water	71 cents per kilolitre	Spot	118 cents per kilolitre
Off peak	91 cents per kilolitre	Excess water	355 cents per kilolitre
Not taken	47 cents per kilolitre		

Safety First

Snakes are a hazard BIL staff and contractors face in the summer months. It is most important that customers help control this hazard by keeping meters and access points clear of tall vegetation. Please ensure that any excess vegetation is removed promptly.

BIL looks to the Future- "Operation Infill"

At the AGM on 7 November the Chair advised shareholders that:

"The Board is developing a 5 year plan to position your company appropriately for when the Bank debt is fully extinguished in July 2016. The key planks of the plan centre around driving down the price of water and moving reliance away from River Murray water. The current state of the wine grape market makes the first an imperative and the rationing of River Murray water over the previous 5 years makes the second objective important for managing the risks faced by the company.

The option for expanding the water transport agreement with SA Water expires in 2015 and consideration needs to be given to exercising the option to renew the Water Transport Agreement when it expires in 2020. The plan is to take this last opportunity and look at the feasibility of expanding the scheme by 1,000 ML by 2015, as it is believed that greater volumes will lead to reduced prices, as the mainly fixed costs of the company are spread over up to 8000 ML of water rather than 7,000ML – the current limit. As part of this we are embarking on 'Operation infill'; selling water to those who are not currently customers, rather than looking to new plantings.

Any potential customer that you know of please let Paul Shanks know so that they can be followed up. This operation will not be simple, as the scheme can only be expanded in 1000 ML tranches at significant capital cost paid to SA Water. BIL will need to be confident of a rapid take up of water to cover that cost."

Included with this newsletter is an Expression of Interest Form. Please complete it or come and see me if you or your neighbours are considering the need for BIL water.

Contact for BIL Operations

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Paul Shanks
General Manager

EXPRESSION OF INTEREST FORM

RE

TAKING UP IRRIGATION WATER WITH BAROSSA INFRASTRUCTURE

Background

Barossa Infrastructure (BIL) has a water transport agreement with SA Water to supply non potable water suitable for viticulture in the Barossa. This may be supplemented with reclaimed water from townships or wineries as part of BIL's commitment to sustainable water use. To supply this water BIL has a pipe network covering the majority of the valley.

More details of the scheme, a typical customer contract and a map of the pipe network are available on the web site <http://barossainfrastructure.com.au/>

There is an opportunity to expand the scheme by ordering an additional 1,000 Megalitres from SA Water. This is an opportunity to register your interest. Customers become shareholders in BIL and pay both a usage charge and a capital contribution. Full details will be made available to those who register their interest.

There is no obligation or cost on either BIL or registrant at this time

Registration (please complete all fields)

Name _____

Postal Address _____

Phone/Mobile _____

Email _____

Interested in Megalitres per year of Premium Water (available all year round) Yes/No
(please circle yes or no)

Megalitres per year of Off Peak Water (available April to November) Yes/No

Proposed Location _____