

Bolivar Water for Irrigation in the Barossa

Principles of Engagement

Background

Since incorporation in 1998, Barossa Infrastructure Limited (BIL) has:

- provided approx. 115,000 ML of high-quality supplementary irrigation water to our customers within the floor of the Barossa Valley since water delivery begun in 2001; and
- fully funded the scheme, including the original construction and three subsequent expansions, using shareholder capital/payments and long-term bank loans.

As a public unlisted company, BIL's shareholders are also its customers. BIL shares are held in proportion to each customer's contracted volume of Premium water.

BIL's mandate is to provide a high-quality water supply at the lowest sustainable price. It has not and does not intend to pay dividends. Any future surpluses will be reinvested in infrastructure.

BIL currently has 320 customers who can take up to 11,000ML of water each year through our 200km of pipelines, six pump stations and one water storage. Using River Murray water allocations, water is transported to BIL's infrastructure via SA Water, with whom BIL has a highly effective long-term working relationship.

BIL is currently assessing options for accessing highly treated wastewater from SA Water's Bolivar Wastewater Treatment Plant for use within an expanded BIL scheme. The Board is generally supportive of this initiative. To assist in these discussions, the following principles of engagement have been agreed.

Principles

1. BIL will be a significant and leading partner in any proposal we participate in, such proposals being collectively and collaboratively developed between the proposal parties.
2. Existing BIL customer are not to be disadvantaged e.g. by price, quality, supply rate, supply pressure etc.
3. BIL may work collaboratively with selected partners to secure Federal Government support for the total project capital cost.
4. Water supply pricing, including any tariff payable to other parties, needs to be accommodated within current BIL pricing, including allowances for all incremental project costs.
5. Any water to be provided is to be subject to a secure long-term access agreement e.g. 25 year + 25 year option
6. BIL is to own and control all critical assets on its side of the agreed delivery point.
7. All water delivered to be not more than 400 parts per million TDS. A full water specification will be developed as proposals progress.