



Water



# Application for Exemption

## 1. The Applicant

### 1.1. Name of applicant

Adelaide Hills Berry Farms Pty Ltd

### 1.2. Legal structure of applicant

body corporate limited by shares

### 1.3. ACN/ABN number

ACN Number (if applicable) 606546123

ABN Number 33606546123

### 1.4. Address and contact details of applicant

#### Business Address

Street 60 Swamp Road

Suburb Uraidla

State SA Post Code 5142

#### Postal Address (if different to Business Address)

Street PO Box 99

Suburb Uraidla

State SA Post Code 5142

Telephone 08 8390 3369

Facsimile 08 8390 3603

E-mail dvirgara@hotmail.com

## 1.5. Contact person on behalf of applicant

Full Name	Saverio Virgara		
Title	Director		
Business Address			
Street	60 Swamp Road		
Suburb	Uraidla		
State	SA	Post Code	5142
Postal Address (if different to Business Address)			
Street	PO Box 99		
Suburb	Uraidla		
State	SA	Post Code	5142
Telephone	0417 812 440	Facsimile	08 8390 3603
E-mail	samv2@blueskywines.com.au		

## 1.6. Names and addresses of the directors and major shareholders of applicant

Full Name	Saverio Virgara
Date of Birth	16/4/1959
Title	Director
Business Address	
	As above
Full Name	Domenic Virgara
Date of Birth	5/12/1960
Title	Director
Business Address	
	As above

## 1.7. Details of corporate structure

Please describe the structure of the entity. If necessary please attach details of the corporate or other structure, including:

- details of any related companies within the meaning of the *Corporations Act 2001*
- a diagram of the organisational chart, including composition of the board, management and other key personnel responsible for the key functions of the business.

Saverio Virgara and Domenic Virgara are the only Directors. Currently the company has no permanent employees but it does outsource repairs and maintenance work to qualified contractors. Please see current organisational chart of the company attached to this application.

## 2. The Exemption

### 2.1. Type of service for which an exemption is being sought

- Potable water
- Non-potable water
- Sewerage
- Recycled water
- Trade waste

### 2.2. Location of service

Uraidla

### 2.3. Number of customers and/or connections

78

### 2.4. Type of customers

- Residential
- Non-residential
- Both – residential and non-residential

## 2.5. Capacity of the service

Non -Potable water is provided as a "non-essential and interruptible" supply primarily for the use of home gardens. The water source is from an underground bore that has been established in the early 1900's and was used mainly for market gardening purposes right up until the present day. Water is taken from the underground source and pumped into a 100,000 gallon holding tank on Swamp Road. From there it is transferred into 2 separate holding tanks located at the highest points of the property in order for the water to be gravity fed to various households, the Uraidla Hotel and the two Summerhill Retirement Villages. The 2 holding tanks located on Days Road Uraidla have a capacity of 70,000 gallons and 50,000 gallons respectively. All three tanks are monitored by float valves ensuring they are at near capacity at all times. The Property has a 67 Meg water licence in order to provide the Uraidla Township with water as well as for the use of commercial agricultural activities which is the primary use of the property. Capacity of the service is limited only by existing pipe sizes on the delivery side of the holding tanks. We are unable to precisely determine full capacity due to limited documentation provided by previous owners. Our best estimate is that we are probably at 80% of total deliverable capacity at peak summer demand.

## 2.6. Reason for exemption being sought

Adelaide Hills Berry Farms Pty Ltd purchased the said property with the view to re-invigorate the agricultural potential of the land through the growing of various berries, PBR salt bush currently being grown as well as other vegetables. As a legacy of purchasing the property we inherited the water supply system and existing arrangements supply water to the township of Uraidla. Other than rainwater tanks, trucked-in water and selected properties who may have their own water bore there is currently no other water source available to the residents of Uraidla. On purchasing the property we felt a community obligation to keep providing and maintaining a reliable water source to the township of Uraidla. The infrastructure is already in place, but will require a great deal of repairs, maintenance and upgrade due to years of under investment by the previous owners who unfortunately had been in financial difficulty for many years..The reason for seeking exemption is that supply of water to the township if Uraidla is not and will not be our core business. The supply of water to the township will at best be cost recovery at prices that households can afford. Full regulatory regime and its obligations would make it economically unviable to continue to provide the township with a reliable water source and would result in Adelaide Hills Berry Farms Pty Ltd terminating this service to the community without subsidy from government at state or local level.

## 3. Suitability of Applicant

### 3.1. Standard of honesty and integrity shown by applicant

Has the applicant been found guilty of any criminal offence? If "yes", please provide details.

No

Has the applicant been successfully prosecuted under any Territory, State or Commonwealth legislation (such as the *Australian Securities and Investments Commission Act 2001* or the *Competition and Consumer Act 2010*)? If "yes", please provide details.

No

Has the applicant been the subject of disciplinary action? If “yes”, please provide details.

No

Has the applicant been the subject of any past or present administrative or legal actions in relation to an authorisation, authority, or licence in any industry?

No

Any other information to be disclosed?

No

### 3.2. Standard of honesty and integrity shown by directors and major shareholders (if relevant) of the applicant

Has any officer or major shareholder been found guilty of any criminal offence? If “yes”, please provide details.

No

Has any officer or major shareholder been successfully prosecuted under any Territory, State or Commonwealth legislation (such as the *Australian Securities and Investments Commission Act 2001* or the *Competition and Consumer Act 2010*)? If “yes”, please provide details.

No

Has any officer or major shareholder been the subject of disciplinary action? If “yes”, please provide details.

No

Has any officer or major shareholder been the subject of any past or present administrative or legal actions in relation to an authorisation, authority, or licence in any industry?

No

Any other information to be disclosed?

No

### 3.3. Additional information

Is the applicant a resident of, or does it have permanent establishment in, Australia? If “no”, please provide further details

Yes

Is the applicant under external administration (as defined in the *Corporations Act 2001*) or under a similar form of administration under any laws applicable to it in any jurisdiction? If “yes”, please provide further details.

No

Is the applicant capable of being sued in its own name in a court of Australia? If “no”, please provide further details

Yes

### 3.4. Financial resources available to the applicant

Please provide information about the financial resources available to the applicant, including:

- copies of its profit and loss statements and balance sheets for the last three financial years (including all notes)
- director’s declaration that the financial statements comply with accounting standards, give a true and fair view, have been made in accordance with the Corporations Act and that there are reasonable grounds to believe the company/entity will be able to pay its debts as and when they fall due.
- Any other information to show that the applicant has access to fund in order to maintain the water service.

Adelaide Hills Berry Farms has only owned the property since 11th September 2015 and was formed as a new entity for the sole purpose of purchasing the said property and pursuing intensive berry cultivation..We do however attach Cash Flow, Profit and Loss Statements and Balance sheets for the activities inherited as a result of purchasing the business assets of Tamlin Gardens Pty Ltd (In Liquidation), the previous owners.

### 3.5. Human resources available to the applicant

Please provide details about the human resources available to the applicant, including any contractors it will be using in order to maintain the water service.

While currently there are no employees of the company, the ongoing activities are managed by the two directors employing the use, where necessary, of outside expertise and labour on a casual basis as required. Once the berry business is established responsibility to manage the water supply system will fall to the full time farm managers once appointed.

### 3.6. Technical resources available to the applicant

Provide details about the availability of technical resources to be used in carrying out the water retail services, including:

- details of the systems and processes to be used to communicate with customers, to provide bills, to follow up payments, process customer move-ins and move-outs and deal with customer enquiries and complaints
- details of any formal agreement/s to provide services, including confirmation that the third party process relevant technical competencies to conduct the proposed activities.

Other than our own human resources of being long time market gardeners, grape growers, and accountant, we will engage the services of other professionals when required such as plumbers, electricians, pump and pipe specialists and installers. The directors also have over 30 years experience in running and installing irrigation systems, encompassing all requirements to effectively run and maintain the system.

The accounting system which is run by Dominic Virgara who is a qualified accountant is used for billing and communication purposes uses MYOB. Outlook for emails, a phone answering system and an about to be launched business website will be used to communicate and respond to customer enquiries. The directors personally know quite a number of the water customers as a result of them being longterm residents of the area.

We attach examples of some of the billing and communication materials used in engaging with customers.

### 3.7. Ability to meet contractual obligations

Will the applicant be able to meet reasonably foreseeable obligations under the contracts for the sale and supply of water and/or the sale or supply of sewerage services?

Please provide a list of supply agreements/contracts and relevant information such as:

- quantity and quality
- supply frequency
- contingency measures

Please also provide a copy of any licenses applicable to the extraction of water (e.g. DEWNR authorisations)

The system is set up to be fully automated and requires next to no supervision. The two storage tanks are electronically monitored for minimum storage levels (90%) and are automatically topped when storage levels drop to 90 %. As the storage tanks are header tanks that gravity feed the households and businesses connected to the system provide they are kept close to fully capacity, which they are automatically, we can guarantee delivery at that point into the system.

From previous experience if there is disruption of supply of water to the header tanks there is at least 2 days supply in the tanks at peak demand to enable time to fix problems (other than serious rupture of delivery pipelines or major pump failure) and resume supply.

The company has full ownership of the water licence, the pipes and pumping system. However the pipes outside of our own land are situated on land owned by the Adelaide Hills Council, State Government and Private Landowners. While it has previously not been an issue to access land other than our own for the purpose of repairing damaged pipes, there are no written agreements to that effect. This may cause problems in meeting our supply obligations if permission to enter properties other than our own is denied. We will seek advice from ESCSA in due course if entry to such properties for the sake of repairs/maintenance and reading meters can be covered under existing legislation.

### 3.8. Suitable and appropriate infrastructure

Please provide a description of the infrastructure that will be utilized by the applicant in providing the retail services for which the exemption is sought. This should include:

- source/s of water
- distribution of network/s
- collection systems
- treatment system/s (incl. technology type)
- storage systems

The source of water is a bore on the property that is licenced to extract water for various purposes including the supply of water for the town. A copy of the water licence has been forwarded in previous communication. A map is provided showing the location of tanks and pipelines on the applicant's property. No map exists showing the location of pipelines outside of the property. We are currently working with the previous owners to come up with

a document that will show approximate locations of pipelines in the Uraidla township that form part of the scheme.

The water supplied is Non Potable and untreated and other than extraction, storage and delivery there is no further treatment of the water.

### 3.9. Risk management

Please provide an explanation (with any supporting evidence) that the applicant's management has identified the risks associated with the retail services it intends to provide and has established, utilizes and relies upon risk management systems and processes which are adequate, accurate and current to address those risks.

The current system inherited on purchase of the property which hosts the source of the water and a large part of the delivery system is a "Legacy System" that evolved over many years, based on word of mouth, trust and a handshake between neighbours and friends. There are no contracts in place for any supply/delivery/maintenance obligations or access to land other than our own. There is no legal or regulatory basis for the continued operation of the scheme from either a supply or demand side other than the "social licence" to do so as a community service. We understand such a licence can be withdrawn at any time by either Adelaide Hills Berry Farms Pty Ltd or the community. Given the complexity and difficulty of formalising such legacy arrangements, the only risk management the directors can plan for is the continued maintenance and upgrade of the pumping and delivery system under our control. We do have ownership of the water licence that underpins the scheme and we have provided documentary proof of that separately.

### 3.10. Additional information

The Commission encourages applicants to provide any additional information they consider would be of assistance in supporting the application. Please provide below.

Prices are based on SA Water prices with a small uplift - \$3.70 per KL for usage and \$78.76/ Qtr. for Supply Charge. Customers are invoiced every 6 months.

## 4. Declaration

All information in this application must be verified by a Statutory Declaration of the applicant, in accordance with the provisions of the *Oaths Act 1936 (SA)*<sup>1</sup>, stating that the information contained in the application is true and correct to the best of the applicant's knowledge, information and belief.

In conjunction with this declaration, evidence of the relevant authority of the declarant to sign on behalf of the applicant must also be provided to the Commission.<sup>2</sup>

### Statutory Declaration

I .....*Saverio Virgara*.....

Of ...*60 Swamp Road, Uraidlo, SA 5142*.....

do solemnly and sincerely declare that the information contained in this application for exemption is true and correct to the best of my knowledge information and belief.

And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Oaths Act 1936*.

Date ..... *2/5/2016* ~~2016~~.....

Signature ..........

(Where the applicant is a body corporate, the declaration must be made by a person authorised by body corporate to sign on its behalf)

Declared at: .....*Leenswood*..... this .....*2<sup>nd</sup>*..... day of *May*.....*2016*.....

Before me: *Warren Dudley Murdoch*..... *W.D. Murdoch* **A Justice of the Peace  
for South Australia**

(Signature of Justice of the Peace or other person authorised under the Oaths Act 1936) *146643*