

21 December 2011

Attention: Angus MacDonald/Matt Bradbury

Further to the discussion held at Hotel Theodore on 7th December 2011, I wish to reinforce some of the points of concern raised at this meeting.

- The Theodore Irrigation system which is priced at 67% of total costs accumulated from head office needs to be further investigated. These costs seem to be unjustified from our point of view as we are on the ground and do not see this type of input. The inefficiency of this use of staff or consultants visiting this area are well evident to us and then charged to us without any consultation or results
- With respect to your recommendation to lift termination fees in excess of a \$1000, this considerably reduces our equity. Considering that we have had two floods in two seasons this would impact on our lending position even further. If this decision proceeds instead of a asset we would be left with a liability

Locally there are many issues which need to be addressed and would certainly bring down costs.

- There is no consultation from staff on a local level
- A number leave the position due to boredom and inefficiency of use of time
- Sunwater vehicles are always running around and nothing gets done unless we tell them what is wrong – they response is “we are getting to that”
- New checks have been installed which have not improved efficiency
- Weeds in channels are not controlled causing problems of water flow
- Channels are slashed twice a year – it is now at a stage that irrigators do their own

In our personal case we irrigate from ring tanks and run more water than Theodore area with the use of one person and keep our entire infrastructure clean and efficient.

In summary we have an inefficient scheme due to incompetence and waste which you are now asking us to pay for. If the proposed increase in charges to the channel system is implemented, the additional costs will make irrigation unviable.

Yours sincerely

Harrod & Penny Anderson

“Smallthorns”

THEODORE QLD 4719