

KB Cotton Pty Ltd

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18th December, 2011.

Attention: Angus MacDonald/Matt Bradbury

Following the discussion held at Theodore Hotel on 7th December, 2011, I just want to remind you of a few points raised at the meeting.

After the loss of crops in two consecutive years, growers in the channel system are facing severe financial pressure. After two visits from Anna Bligh, the government has seen fit to assist growers with QRAA loans and also paid part A charges for the six months January to June. If the proposed increase in charges to the channel system is implemented, this will be totally wasted as the additional costs will make irrigating unviable.

The system we have now where 67% of total costs are accumulating from head office is just ridiculous and can't possibly be justified. We feel this should be thoroughly investigated to find out where these costs are coming from.

On a local level there are many ways for costs to be cut. Currently there is no consultation what so ever with customers in the way money is spent. We feel this is akin to giving them our bankcard and saying "spend what you like and we will pay for it". I personally know several men who worked for Sunwater for a time and then resigned because of the boredom of having nothing to do. Every day we see Sunwater Ute driving around checking things

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that don't need to be checked, but we have to spray drains ourselves because they are so clogged with weeds they won't carry any water. They have allocated up to \$100,000.00 to apply accroulium to the channels for weed control when it has been proved in the past that this does absolutely nothing. This weed could have been eliminated seven years ago when it first started in about one hundred metres of channel with an application of a steriliser. Sunwater spent hundreds of thousands of dollars putting in new checks in the channels when there was nothing wrong with the old ones. We feel that if we are going to be asked to pay for everything then we should have some say in how the money is spent. We realize we will never agree on everything, but should at least be consulted and listened to. This will not work if, as in the past, Sunwater talks then does exactly as it wants.

In regards to your recommendation to lift termination fees to over a \$1000, this would reduce our equity considerably putting us in further jeopardy with our banks. If your price recommendation goes ahead and irrigation becomes unviable, we would have to operate as dryland farmers and selling our water for a reasonable price would help facilitate this.

In conclusion we ask that you demand Sunwater reduce its costs to a more reasonable level so we may still be able to irrigate in five to ten years time.

Greg Austin Gibber Gunyah Theodore. Q. 4719