

LETTER FROM THE CHAIR

19 January 2018

Dear Customers,

It is with great pleasure that I invite you to consider this proposal to transition the St George Irrigation Distribution Network to local management. This is an opportunity for customers in the channel network to decide whether they support a transition to local management and if they wish to become members of Mallawa Irrigation Limited, the company that will own and run the network should local management proceed.

This document contains detailed information about how local management would be implemented, including Mallawa Irrigation's proposed structure, governance, operation and management arrangements. It also outlines the potential risks associated with the proposal, which are set out in section 6.

This Offer Document reflects the culmination of investigations into local management which commenced in 2012 and the results of negotiations with Government over the terms of the transition. Those terms include a payment of a \$5.1 million to Mallawa Irrigation to support the financial viability of the company.

Local management will only proceed if there is sufficient support from channel customers. The Board of Mallawa Irrigation **unanimously recommends** you vote in favour of the Local Management Proposal and apply for Membership by completing and returning the **enclosed** Support and Acceptance Form as soon as possible.

Local management would give customers the opportunity to gain local ownership and control of the channel network, including the power to appoint the Board and greater influence over distribution prices. This should also lead to improved transparency and accountability. The Board intends that Mallawa Irrigation will operate with a strong local focus and a mandate set by its Members. The company will be a not for profit entity, with all revenues used in providing services to customers, to operate and maintain the channel network for the long term, and for associated purposes.

The Board considers it unlikely that customers will receive another chance to move to local management in the foreseeable future and therefore encourages you to read this Offer Document carefully before making your decision.

The Board invites you to discuss this great opportunity at an information session to be held on Monday 5 February 2018 at the QC/AGnVet Office, Thallon Road at 4pm.

I thank you for your participation to date and look forward to channel irrigators in St George deciding if the network will transfer to local management under the terms of this Offer.

Yours Sincerely



Luke Stower
Chair
Mallawa Irrigation Ltd