

3 November, 2017

Dear Customer

Progress update on Local Management Arrangements for the Eton Irrigation Scheme

I refer to my letter of November, last year and am pleased to provide an update on our discussions with the State Government in relation to agreeing the terms for customers to take over ownership and management of SunWater's distribution system in Eton.

You will recall that at the end of last year the government made a formal proposal to Eton irrigators to take over the scheme. The government established a transition company and appointed a Board to represent customers' interests, assess the proposal and negotiate the terms of a transfer to local management.

As chair of your transition Board I am pleased to report that the Board has completed a thorough review of the government's proposal, which was made in response to the initial business case prepared by Eton irrigators and submitted to government at the end of 2014.

Over the past 10 months the transition Board has reassessed the scheme's status, conducted detailed engineering and legal due diligence, and updated financial modelling to provide the basis to support our negotiation with government. The Board has been in the process of negotiating the terms of the transfer and had identified a number of issues that it would like clarified.

The government is currently in caretaker mode following the announcement of a State election on 25 November. This has delayed the finalisation of the terms of the transfer agreement and the distribution of an offer to you. We anticipate this could now occur in February or March next year.

At that time, the offer will be sent to all customers who hold a water allocation, and are supplied water via the distribution system. Those customers will be asked if they support a move to local management under the terms of the offer, and secondly, if they wish to become a member of the Eton Irrigation Scheme Cooperative.

Local management will only proceed if there is strong support from customers for the move to local management and if customers representing a majority of the water allocations supplied in the distribution system (by volume) agree to become members. If customers reject the government's offer the scheme will remain with SunWater.

To assist scheme customers in making their decision, the Board is planning to hold an information session about the offer and its implication for the future of the scheme around the time the customer offer is released.

We will be in touch again with details of the information session once the date for the release of the offer has been confirmed. If you would like further information please contact me on 0405 140 322 or any of the board members listed below,

Yours sincerely
Lee Blackburn
Chair

Eton Irrigation Scheme
Board Members

John Muscat	0427 595 699
John Palmer	0417 767 148
Josephine Prior	0427 760 467
Tom Wallwork	0417 629 328