

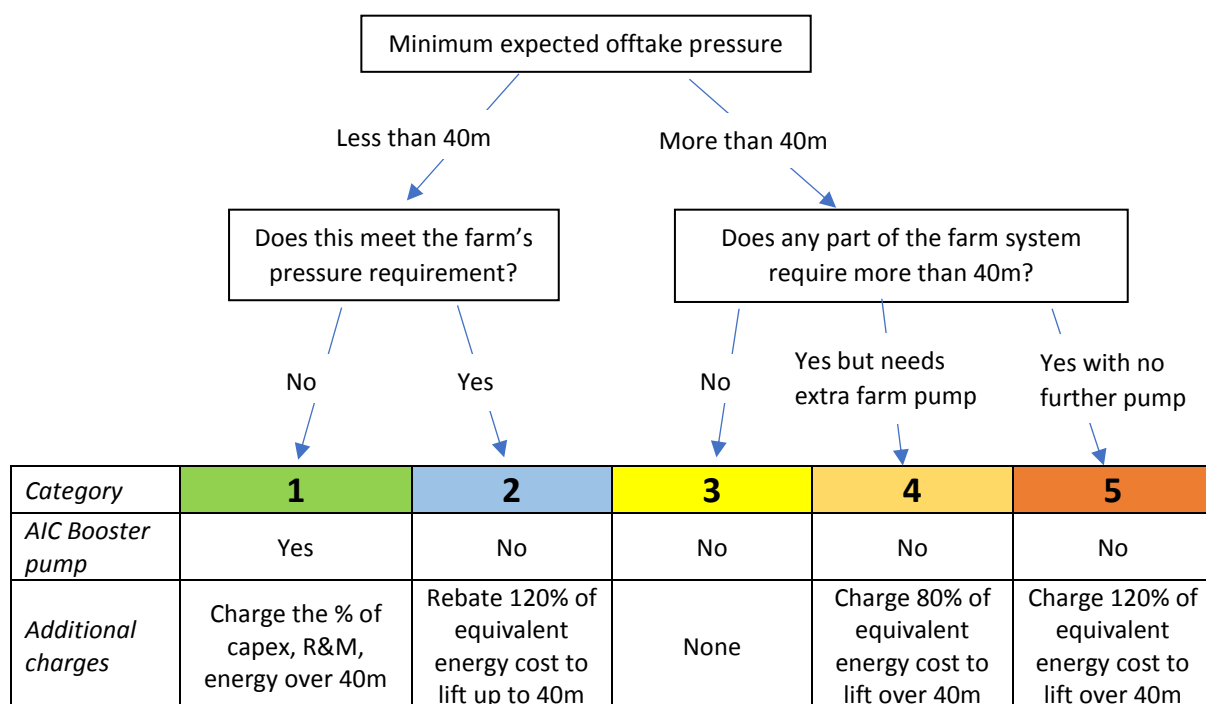


AMURI IRRIGATION CO

## AMURI IRRIGATION COMPANY LIMITED OFFTAKE PRESSURE AND CHARGING POLICY

Amuri Irrigation Company Limited (AIC) will provide a minimum service pressure (40 metres) to each offtake in the pipe scheme. We have taken an approach that fairly distributes the gains and losses in pressure across the whole shareholder base. All shareholders in Zone B and C contribute equally to Principal & Interest and booster pumping. Zone C has an extra charge. Zone A have no pipe or pumping charge.

The policy is divided into five categories depending on the minimum pressure at the offtake and the pressure requirements on-farm:



Note that the additional level of service above 40m is not assured. Additional share sales in the future could have the effect of reducing offtake pressure.

We have provided your pressure information to Waterforce and PGG Wrightson and suggest you contact your irrigation provider to confirm your individual connection requirements. Any farm connection, further boosting pumping or modifications to your farm system beyond your offtake or AIC pump station will be a shareholder's responsibility.

**Category 1 - Pressure supplied from pipe does not achieve AIC service level of 40m and the pressure is insufficient to meet the farm's primary system pressure.**

Category 1 offtakes require individual booster pumping. AIC is working with Waterforce and PGG Wrightson to develop individual booster pump stations which will be owned and maintained by AIC. In most situations, the existing pumping equipment may not be suitable to reuse and new equipment will be installed. In some cases, existing pumping equipment may be reused in the AIC pump station. In these cases, AIC may look to buy this from the shareholder or use surplus pump equipment from another shareholder. This will be negotiated at fair book values.

If the farm's primary system required pressure is less than 40m AIC will pay 100% of the capital and operating costs of that pump station to get the required pressure.

If the farm's primary system pressure required is greater than 40m, then capital and operating costs will be shared proportionally between AIC and the shareholder. This is due to the clear cost benefits for both parties in installing a single stage lift rather than a double stage lift. The shareholder contribution to the capital cost will be paid as a one-off capital charge and the contribution to ongoing repairs and maintenance will be invoiced annually. This annual charge will be based on the repairs and maintenance costs across all individual pump stations and apportioned on a per kW basis. The shareholder will pay the electricity cost for any pumping over 40m.

For those shareholders with offtakes in Category 1, AIC will be contacting you soon to arrange an individual meeting to discuss the pump station design and cost arrangements.

**Category 2 - Pressure supplied from pipe does not meet AIC service level of 40m and pressure is sufficient to meet the farms primary system pressure.**

For category 2 shareholders, in lieu of providing the 40m service and AIC not having to install equivalent booster pump, AIC will provide a rebate to the shareholder 1.2 times the calculated power cost on equivalent pumping up to 40m.

**Categories 3, 4 or 5 - Offtakes receiving 40m or more pressure**

Most offtakes will receive greater than 40m pressure either via the pipe directly or via one of AIC's combined pump stations and will fall into Category 3, 4 or 5. AIC does not currently have all the on-farm pressure information available in order to clearly categorise these offtakes.

**Category 3 - Pressure supplied from pipe exceeds AIC service level of 40m and the required farm pressure is 40m or less.**

For Category 3 shareholders (where farms receive 40m), as you are receiving a minimum offtake pressure of 40m which meets AIC's agreed service level, no additional charge or rebate will apply.

**Category 4 - Pressure supplied from pipe exceeds AIC service level of 40m, but for all or some of the time the pipe pressure is insufficient to meet that required by the farm pressure.**

For Category 4 shareholders (where farms use pipe pressure over 40m but still require their own pumping) there will be an additional charge. Due to on-farm booster pumping still being required AIC will charge less than equivalent energy cost (80%) for water pressure used above 40m. The charge will also only be for pressure up to the minimum expected pipe pressure. Any pressure used above the minimum expected pressure will not be charged for in recognition that this fluctuating pressure requires additional control infrastructure and is of less net value to the shareholder.

For example, under average irrigation conditions (2300 hours or 500mm per season) and a power cost of 17 cents/kW/hr this equates to \$2.45 per m lift/ha/yr.

Typical seasonal cost would then equal \$2.45 x metres of pressure used above 40m x irrigated hectares

**Category 5 - Pressure supplied from pipe exceeds AIC service level of 40m and is sufficient to meet the pressure required by the irrigation system the water is delivered to.**

For Category 5 shareholders (where they use pipe pressure over 40m but have no additional pumping infrastructure) there will be an additional charge. Due to on-farm boosting not being required, AIC will charge for excess pressure used at a rate significantly less than the equivalent annualised capital, maintenance and operating costs. A rate of 120% of the equivalent energy cost will be applied.

For example, under average irrigation conditions (2300 hours or 500mm per season) and a power cost of 17 cents/kW/hr this equates to \$3.70 per m lift/ha/yr.

Typical seasonal cost would then equal \$3.70 x metres of pressure used above 40m x irrigated hectares