



Milk Supply &  
Rural Services  
Division

**Dairy Farmers**  
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Mr Jim Cox  
Chief Executive Officer  
Independent Pricing and Regulatory Tribunal  
Level 2, 44 Market St  
SYDNEY NSW 2000  
Fax: 02 9290 2061  
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**Re: Macquarie Valley Water Price Increases**

Dear Mr Cox,

I am writing on behalf of and our suppliers in the Macquarie Valley. Dairy Farmers currently has seven farmer suppliers who are Macquarie Valley water users in the Dubbo-Narromine area. This area has produced 17.4 million litres of milk in the last 12 months.

We support the submission made by Macquarie River Food & Fibre and want to emphasise several issues that have implications for our suppliers:

1. The irrigation industry uses only part of the flows in the Macquarie, yet is charged 100% of the 'user share' of costs. Irrigation schemes are charged for all the water delivered, including losses, yet other users (eg environment and stock and domestic) incur massive losses and storage costs and these costs are paid by the irrigators. Irrigators have also had priority access status reduced with the recent Water Sharing Plan and Act in favour of other users. They have 1 seat on the Macquarie Customer Service Committee (the same as other users) yet are the only type of user that has to pay. This lack of cost sharing is considered to be inequitable and it is difficult to see how it could be justified.
2. An increase in water costs of the magnitude proposed will potentially reduce the milk production from the region. In addition, this area has potential to attract additional dairy farms to be developed as the value of land in traditional coastal areas impacts on supply in those areas. The average production from dairy farms in this area is more than twice the average for the state and hence it is considered to be an increasingly important region in the NSW dairy industry. Higher water costs will reduce the potential for growth of the industry in the area and may therefore impact on the growth potential of the dairy industry in NSW.

We ask IPART to address these issues along with those raised by Macquarie River Food & Fibre and NSWIC.

Yours sincerely,

John Bywater  
General Manager Milk Supply and Rural Services