



JW Hergenhan & Sons

17<sup>th</sup> November 2005

The Chairman  
Bulk Water Review  
IPART  
PO Box Q 290  
QUEEN VICTORIA POST OFFICE NSW 1230

Dear Sir,

Re: State Water Proposed Water Pricing Increase

I write to inform you of my deep concern regarding the bulk water price rises as outline in the state water corporation and the department of natural resources submissions to IPART.

The Bega Valley has very unreliable rainfall and secure and affordable irrigation water has been the catalyst for the success of dairy farming in this region and ultimately the success of Bega Cheese and the whole community. Bega would only be a shadow of itself without the strength of the dairy industry.

The proposed increases are way beyond what the economic value of the water represents. At the proposed rates it would not be viable to irrigate. In my situation that would mean my dairy business would no longer be economically viable resulting in me being forced to close it.

The economic value of water is very close to its current levels. Irrigators have other significant costs to turn the water into a useful commodity. In our situation that is grass and fodder. Our cost include cost such as pumping costs, irrigation infrastructure costs, and fertiliser and seed costs. Labour and capital costs of land are on top of this. Adding these costs together leaves no room for any increase in water costs.

I believe the concept of full cost recovery is not achievable and another more realistic target by the State Government needs to be set.

I therefore fully oppose the SWC & the DNR on all levels.

If you require any further information lease do not hesitate t0o contact me.

Yours sincerely,