

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

16th November 2005

Dear Sir,

Re: Proposed Water Pricing Increase for Users on the Brogo River

I write to protest the proposed 800% increase in our water charges. I don't know how anyone can think such a proposal is affordable for dairy farmers and it is dairy farmers at Bega who are the most affected.

We are the largest supplier of milk to the Bega Cheese factory and possibly have the largest Brogo water allocation - this has been put together by the purchase over 25 years of several adjoining (now non viable on their own) dairy farms and the purchase of other water allocation from a farm that could not physically apply their water to rocky mountain country. Our expansion has occurred to deliberately try to achieve a sustainable and efficient size of operation and would not have been undertaken if we did not have a large and secure Brogo water allocation.

Our farm is a family farm employing six family members and five part time staff. We milk 750 cows all year round and irrigate 560 acres. We have two travelling irrigators, one centre pivot and 400 bike shift sprinklers.

We have had a very tough time over the last three years with deregulation of the dairy industry reducing what was previously quota whole milk from 54c per litre to 32.5 cents for all our milk now. The drought has been devastating blowing our substantial overdraft out by two and a half times. Many have left the industry and those of us who haven't (mainly because of our substantial debt load for expansion to larger operations) are wondering why we are still in it. My sons are realising that it is all too hard, too constant and not well paid enough to continue. Then we hear your proposal and we say "stuff it" - if dairying is not wanted on the south coast of NSW they can have it. I make the following points:-

- (a) Our Brogo water allocation is our biggest asset - it was built for irrigators, there are not many on the system, it is a dam which although small refills quickly when it does rain, we paid substantially more for our farms on the Brogo to secure that water allocation, it is our only comparative advantage to dairy farm in this area.
- (b) The cost of power to pump our irrigation is substantial - our coastal land does not suit flood irrigation - our systems are more efficient users of water than flood irrigation but at a cost of

power. We have been reluctant to irrigate because of the cost of power even with water charges where they have been. The proposal to raise them so drastically wipes out the viability of irrigating at all and really does threaten the whole future milk supply to Bega Cheese.

- (c) The Brogo river does not have downstream users wanting the water if it is not used for dairy farming – it runs out to sea at Tathra 20 miles below Bega. We have just had a flood where the river filled to the top of its banks – it makes one cry to see all that water with all its potential for growth and milk production run away to the sea. If it is outpriced we will always be watching it run to the sea.
- (d) More water storage is essential to the south coast, not only for dairy farming but for the community and towns as well. The proposal to raise the Brogo dam wall, even one meter I understand, could double its storage capacity. We also need more dams urgently.
- (e) In the past (up until this latest drought) we generally received 100% of our water allocation on the Brogo. Now, with the dam 100% full and overflowing we are receiving 40% - while still paying for 100% allocation fixed charges. And then you propose massive increases in these charges too. It is unbelievable and very very disheartening. For us to contemplate paying \$40,000 fixed charges by 2008-09, whether we irrigate or not, and then another \$111,000 if we used only 70% of our water is just too much. For 2006-07 our charges would go from \$13,000 fixed charge to \$49,000, plus usage from \$6,000 to \$92,000. We will not dairy farm in Bega with our variable and unreliable rainfall on that basis.

This water charge proposal is a watershed turning point for us in this industry in Bega.

Yours sincerely,

K. D. KIMBER
Dairy Farmer
Bega Valley