

Mr Michael Keating

T&S D'Arcy Pty Ltd

Chairman

Independent Pricing and Regulatory Tribunal

PO Box Q290

QVB Post Office

NSW 1230

22nd October 2009

Dear Sir,

We are responding to State Water's submission to increase the price of water for irrigation users on the Brogo River near Bega. At the moment our area is in the grip of a ten year drought . We have had no irrigation allocation since January and only a 40% allocation in previous years, despite having to pay for 100% of the water. We have received a 20% drop in milk price due to the present world economic circumstances. As we have been unable to irrigate our input costs have risen dramatically due to the large amounts of grain and hay which we are having to feed the herd. With a 20% drop in milk price and having to purchase imported feed our total feed costs have increased by 52%. These kinds of increases are not sustainable

Without irrigation and subsequent pasture development the viability of our farm is in serious jeopardy. We are one of the larger suppliers to Bega Cheese Limited and less milk could have a severe impact on the viability of the Lagoon Street Factory. This in turn will have a detrimental effect on the local economy as the dairy industry forms a major part of the local economy.

The current price for irrigation water is \$32.20 /ML, consisting of \$6.24 entitlement and \$24.96 usage. This is already expensive and forms a significant part of our farming costs. The State Water Commission is proposing full cost of recovery of \$99.21/ML, consisting of \$18.76 entitlement and \$80.45 usage. Farmers would find such an increase prohibitive and would probably have to cease irrigation. This in turn would have repercussions on the farm enterprise in the form of reduced herd size and thus reduced production and reduced farm viability or alternatively farmers would be forced to buy in expensive feed inputs which require transporting over long distances. At a time when Governments are trying to reduce fuel consumption we would be forced to truck feed over long distances. The final alternative would be for farms to cease production altogether which would have a profound effect on the local economy. For every farm which closes down more than 30 people would lose their jobs. The implications of this proposal are extremely serious and threaten the livelihoods of hundreds of people.

We are therefore urging IPART to continue the NSW State Government's Operating Subsidy of the Brogo Dam.

Yours faithfully

Tom and Stephanie D'Arcy

(T&S D'Arcy Pty Ltd)