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March 26th, 2014

Mr Sebastian Roberts
General Manager - Water Branch
ACCC
GPO Box 520
MELBOURNE. Vic. 3001

Dear Sir:

WATER SUBMISSION -- PEEL VALLEY

We run a self replacing EU Beef Cattle herd. The steer calves are sold to a feed lot. We also run a small Merino Sheep enterprise, the whether lambs going to slaughter as fat lambs. We also produce lucerne hay, some for sale, with underground irrigation.

Under current water and electricity prices we do not find it economical to produce irrigated lucerne hay, except from drip irrigated paddocks with a pressure controlled motor speed device installed. I could not see an economic case to install or replace drip irrigation under the proposed increases in water prices.

In drought conditions, as at present, our other irrigation is being brought into play to produce feed to ensure the survival of our herd. Even this is economically doubtful, with in excess of \$18,000 having been spent so far and no feed grown to date. For this figure we could have landed over 51 tons of hay which would have sustained the cattle for quite a period. The drought strategy is to grow feed with the hope of Autumn/Winter rain and thus the production cost will fall.

With the proposed water costs it is doubtful if the decision to irrigate, under drought conditions, would be made and it is certainly not a proposition under normal circumstances.

If one does not irrigate, then very little lucerne hay is produced and drought preparedness does not happen. The Government and all the experts tell us we must prepare for drought, eg, we began this drought with over 200 tons of lucerne hay on hand.

If we paid a similar cost for water as in the south of the State, we would be able to compete. We have some of the best soils in the State and it is not for the good of New South Wales if we are priced out of business as an irrigation area.

To sum up, if the proposed increases in price for water, even if capped at 10%, are put in place, I do not see how beef cattle breeding or other livestock enterprises can be viable in the Peel Valley.

Yours faithfully,

DAVID & PAMELA GOWING