

T.M.L.

MDBC FA 371
Corr. Id.

REVIEW OF THE OPERATION OF THE CAP RESPONSE SHEET FOR COMMENTS ON DRAFT REPORT

The March 2000 draft report on the **Review of the Operation of the Cap** by the Cap Project Board to the Murray-Darling Basin Ministerial Council is now available for public comment. Comments on the draft report are due by **10 July 2000**.

If you wish, you may use this form to tell us what you think about the position of the Cap Project Board in their report on the Review of the Operation of the Cap. If there is insufficient space on the form, you may add additional sheets or write a separate submission.



The draft report, and further copies of this response sheet, are available from the Murray-Darling Basin Commission and from the Commission's web site:

www.mdbc.gov.au

The draft report will be modified to reflect comments received and a final report on the Review of the Operation of the Cap will be presented to Ministerial Council Meeting 29 in August 2000.

Those who provide comments will receive a copy of the final Report once it has been approved by the Ministerial Council.

COMMENTS BY:

V.K. BYRNES
LOWER MURRAY DARLING WATER MANAGEMENT ACTION PLAN
CONTACT DETAILS:
11 RIVERVIEW DRIVE
DARETON 2717
DATE: 29-6-00

The deadline for comment is **10 July 2000**.

Comments (by e-mail if possible – this response sheet is available electronically on the Commission's web site) should be directed to:

- Review of the Operation of the Cap
Murray-Darling Basin Commission
GPO Box 409
CANBERRA ACT 2601
Attn: Dr Tony McLeod, Project Manager
Tel: 02 6279 0144
Fax: 02 6230 7579
Email: tony.mcleod@mdbc.gov.au
- or your local member of the Community Advisory Committee (CAC). Those comments made via the CAC that are received prior to **Friday 16 June 2000** will be considered at CAC Meeting 24 – 27 June 2000.

	Cap Project Board Position	Comment
Ecological Sustainability of Rivers	<p>The Project Board has concluded that the Cap has been an essential first step in providing for the environmental sustainability of the river system of the Basin. Without the Cap, there would have been a significantly increased risk that the environmental degradation of the river system of the Murray-Darling Basin would have been worse.</p>	<p>agree</p>
	<p>However, the Project Board has concluded that there is no certainty that the Cap on diversions at its current level represents a sustainable level of diversions – the level at which it is set being that which existed at the time when it was decided to introduce a Cap. Further, the Project Board recommends that as better information informs our management of the Basin's resources, the level at which the Cap is set should continue to be refined to reflect our increased understanding. It is likely that such refinements may lead to the lowering of the level of the Cap in some valleys. Indeed, some jurisdictions have already increased the environment's share, via access restrictions in addition to that required by the Cap, as part of their longer-term direction of improved water management.</p>	<p>all avenues have to be explored before there is any change. Better river management is essential.</p>

Cap Project Board Position	Comment
<p>The Project Board considers that there is compelling evidence that the Cap has already delivered significant economic and social benefits to the Basin community and that the net benefit will increase over time.</p>	<p>Board agree that there is compelling evidence of economic and social benefits. They will come in the future.</p>
<p>The results of research conducted for the Review make it clear that, in the absence of the Cap, the erosion of security of supply for irrigators and other users would have been significant. These analyses were performed on several systems across the Basin reflecting diverse agricultural practices and climatic conditions.</p>	<p>There is no doubt that security of supply for irrigators would have been at risk without a cap.</p>
<p>Through guaranteeing security of water supply at the valley level, the Project Board views the Cap as having provided a more certain climate for long-term investment and development, particularly in high value agriculture and value adding processing, as well as providing benefits to the environment.</p>	<p>What unless the states ensure that any exculpation of the cap be repaid by the valley concerned - not the state in general.</p>
<p>The Project Board considers that the Cap has provided a mechanism for restraining, in an orderly fashion, growth in diversions while enabling economic development to proceed.</p>	<p>It has provided a reason - not necessarily a mechanism.</p>
<p>The Project Board recognises that this strong positive conclusion will not be the perception of every stakeholder in the Basin. However, the Project Board concludes that the overall benefit of the Cap, especially from ensuring security of supply at a valley level and providing an environment within which water trading and related reforms could be developed, has been a positive one.</p>	<p>If it is enforced in a fair manner by the states.</p>

Economic and Social Impacts

	Cap Project Board Position	Comment
	<p>The Project Board identified several equity issues (notably Cap arrangements for Queensland and the ACT) of longstanding duration that require urgent resolution. In addition there are several more recently identified equity issues (floodplain and overland flows and diversions, farm dams and tree plantations) also requiring attention. The effective management of these issues will necessitate a total catchment management approach to water management that embraces both surface and groundwater resources.</p>	<p><i>all water extractions have to be metered. This includes stock and domestic. Unless there is a measurement of water diverted then there cannot be any equity</i></p>
Equity	<p>The Project Board focused on equity issues arising from the implementation of the Cap between jurisdictions and between river valleys within States. In several cases, the submissions received by the Review of the Operation of the Cap raised equity issues that are about the details of implementation within valleys which are outside the jurisdiction of the Murray-Darling Basin Commission and Ministerial Council processes. The vast majority of such issues related to the recognition of licensed entitlement versus history of use, specifically in New South Wales (the "sleeper/dozer" issue). Such issues need to be dealt with by the particular jurisdiction concerned. In order that all submissions receive appropriate attention, these submissions and that of the CAC have been referred to the appropriate Government for consideration and reply.</p>	<p><i>The cap has to be applied valley by valley by the states</i></p>

	Cap Project Board Position	Comment
Implementation and Compliance	<p>The work of the Independent Audit Group (IAG) on the ongoing implementation of the Cap and compliance of actual diversions with Cap target diversions has provided a clear direction for the finalisation of the implementation phase of the Cap. The Project Board generally supports the IAG recommendations.</p>	<p><i>Agree</i></p>
	<p>Significantly, effective compliance tools (computer simulation models used to determine Cap target diversions) have not yet been developed and the Project Board recommends that a high priority be given to the finalisation of these models.</p>	<p><i>Agree</i></p>
	<p>The Review has found that Victoria and South Australia have complied with the Cap, while Queensland and ACT are yet to complete the establishment of their respective Caps. Nevertheless, it is apparent that in Queensland there has been significant growth in storage which will impact on the water available for alternative consumptive and environmental uses. In New South Wales, the Cap has been breached in the Barwon-Darling system, with other valleys being within Cap limits.</p>	<p><i>The growth in storage and diversion particularly in Queensland will have a deleterious effect on supply of water to Queensland lakes, and therefore the Murray Darling users and the environment. The effect particularly to the Queensland-Balmain system that supplies approximately 20% of the flow to Queensland lakes storage.</i></p>

	Cap Project Board Position	Comment
Schedule F to the Murray-Darling Basin Agreement	<p>The most important challenge in Cap implementation is to finalise the arrangements under "Schedule F – Cap on Diversions" to the Murray-Darling Basin Agreement. This schedule is the primary tool for defining Cap arrangements especially those concerned with assessing compliance and its consequences.</p>	<p>It cannot be really effective and fair - unless all water extractions are measured</p>
	<p>With the intent of improving the operation of the Cap through the development of fair and meaningful compliance arrangements, the Project Board invites comments on the following modifications to Schedule F which have been recommended by the IAG:</p>	
	<ul style="list-style-type: none"> Removal of references to end-of-valley flows as a method for Cap compliance. 	<p>agree</p>
	<ul style="list-style-type: none"> Arrangements for remedial actions in the case of Cap exceedance. The recommendation of the IAG is that States be required "to ensure that cumulative diversions are brought back into balance with the cap". 	<p>as long as the states ensure that the valley or valleys responsible for the exceedance pay it back</p>
<ul style="list-style-type: none"> re-setting the commencement date for accounting for diversions under the Cap to start with the 2000/01 water year. 	<p>Why change?</p>	

	Cap Project Board Position	Comment
Sustainable Rivers Audit	<p>With the implementation of the Cap nearing completion in most jurisdictions, there is now the opportunity to take the "next step" and to consider the environmental outcomes of the Cap from a whole of Basin perspective. The Project Board supports the introduction of a regular Sustainable Rivers Audit which would cast the Cap as an input to Basin health, rather than an outcome in itself. Whereas the Cap is seen as the first step towards achieving the longer-term objective of the <i>Initiative</i>, a Sustainable Rivers Audit can be viewed as the next step in the process of achieving this objective.</p>	<p>The Cap is not the only issue. Work done by the Lower Murray Lower Darling Community Reference Committee, and other community committees must be taken into consideration</p>

	Cap Project Board Position	Comment
Any Other Issues	<p>Are there any other issues raised in the draft report that you wish to comment upon?</p>	<p>attached</p>



Total Catchment Management

Community And Government Working Together

MDWMAP STEERING COMMITTEE INC.

Other Issues

Companion Paper 1

P35	On farm storage capacity increasing by 2% each year. "This water has to be measured and accounted for"
P49	"Closure of the Murray mouth is related to reduced median flows in the River Murray". No doubt this is true but building of the barrages must also be a major reason. If the barrages were removed, the action of the sea and tide would have a major effect
P79	The reduced run-off that would be the result of afforestation is disturbing. While there is no doubt that afforestation in the long term will reduce saline groundwater flows to the river, in the short term salinity in the river could increase.
P82	"the demand for water from other states is such that the 1998 flood in the Darling had no appreciable flow in the Lower Murray". This not correct. The flood was originally over-estimated by the DLWC by 2M M/L. The floodplain was extremely dry, Menindee Lakes were low, and the Anabranch lakes had been dry for years. It is difficult to justify that "demand from other states" was the problem.

Companion Paper 2

P56	In reference to High Security holders: "This concern is recognised in the NSW Government's White Paper, which provides holders of High Security with a choice. They can either obtain 100% of their entitlement, but then have no right to trade or they can claim their allocation at the level of General Security with the right to trade." This is not correct. The highly contentious section referred to only applies to the right to trade – <u>not</u> the allocation.
P63-64	Wider benefit of Water Trade It was pleasing to note the reference on P64 of "gaining fuller advantage of the physical interconnections of the river and delivery system". Water cannot be traded unless it is physically possible. Trade of water from above the Barmah Choke, to the lower Murray is not possible unless the Goulburn and Murrumbidgee play their part in delivering the water.

CHAIRMAN: VIN BYRNES
11 RIVERVIEW DRIVE, DARETON NSW 2717
PHONE: (03) 50 274212 FAX: (03)50 274121

COORDINATOR: MAZIB RAHMAN
P. O. BOX 363, BURONGA NSW 2739
PHONE: (03) 50 219400 FAX: (03) 50 213328
EMAIL: mrahman@dlwc.nsw.gov.au