

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**.



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

www.mdbc.gov.au

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 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:

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DATE:

10th July, 2000.

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
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- 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>Granted, however it appears that there is little evidence to suggest that a long enough history has been studied to determine what is a sustainable river system. European history has little more than 200 years of what is essentially an extremely old river system.</p> <p>We appear to have drawn the conclusion that all the harm that has been done to our river systems has been done over this recent period of time.</p> <p>Human habitation of this country has had a marked effect on our entire environment. Not all of this has been bad. Whilst humans live on and draw resources from a river, we must have some environmental effect. The aim should be enhancement or limitation of damage to the Riverine environment, not removal of people and industry.</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>Again, on what evidence are we basing these environmental diversions? The experience in this valley would point to the fact that these rivers are historically either in flood or drought, and very rarely in between. Surely we cannot return to this situation. We should be basing these flow regimes on results of proven trials so that we know that what we are doing is actually going to benefit the health of the river.</p> <p>There is much evidence in this valley to suggest that the Murrumbidgee River is as healthy as it has ever been, certainly since European inhabitation. E.g. river red gum growth. We should concentrate on what we know are definitely causing problems, e.g. European carp and dry land salinity. Fix these situations and then see what else we can verify is causing a problem, before trying to solve it.</p>

	Cap Project Board Position	Comment
Economic and Social Impacts	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.	This is certainly not the case in this area. The Cap has actually created fear and concern in this Irrigation community. Business confidence and job security have suffered. Fear of future reforms has stifled further investment. NO formal study has yet been taken of the socio-economic effects on these communities.
	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.	The Coleambally Irrigation Area has actually suffered a loss in actual water entitlements from our historic usage, whilst many other irrigation areas in the basin have actually had their access increased over and above historic usage. This is a loss of security and asset base.
	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.	Whilst we recognize the benefits of “high value agriculture”, some restraint must be kept based on markets and usage of this “high value” produce. After all, how much more red wine can Australians drink or export? We must take into account existing secure markets and infrastructure. The whole agri-economy cannot be altered to suit short-term whims and fluctuations in demand.
	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.	What has occurred in this area is that the Cap has restrained development for the individual or family farmer, but created an environment that suits and enhances the growth of corporate or big business operations. This has a marked effect on local economies, infrastructure and social conditions.
	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.	We would certainly differ here. The board may well see that overall effect of the cap is positive. This cap has taken away not only a portion of our asset, but also a portion of our income producing ability. Reverse these conditions and put them into terms the average Australian can understand. This means we will take 15% of your income and remove one of the bedrooms out of your house, WITHOUT COMPENSATION!! Now lets see who thinks the overall outcomes are positive?

	Cap Project Board Position	Comment
Equity	<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>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>	

	Cap Project Board Position	Comment
Implementation and Compliance	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.	
	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.	
	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.	

	Cap Project Board Position	Comment
Schedule F to the Murray-Darling Basin Agreement	The most important challenge in Cap implementation is to finalise the arrangements under “Schedule F – Cap on Diversions” to the <i>Murray-Darling Basin Agreement</i> . This schedule is the primary tool for defining Cap arrangements especially those concerned with assessing compliance and its consequences.	
	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:	
	<ul style="list-style-type: none"> Removal of references to end-of-valley flows as a method for Cap compliance. 	
	<ul style="list-style-type: none"> Arrangements for remedial actions in the case of Cap exceedence. The recommendation of the IAG is that States be required “<i>to ensure that cumulative diversions are brought back into balance with the cap</i>”. 	
	<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. 	

	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.</p> <p>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>	

	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>Issues of environmental concern are close to all of our hearts. It has, however, become offensive to many in this area, that we, as irrigators and irrigation communities are being asked to solely foot the bill for what is essentially a National problem. Perhaps it is time for a general environmental levy on ALL Australians.</p> <p>The premise that farmers’ assets and income can just be ‘tapped’ a little more needs to be changed. We are the first environmentalists. We know and understand the need to look after our environment. We are doing all that we can to ensure our long-term sustainability and environmental enhancements are to the fore. This is however very difficult to continue to do with reduced incomes and security. As they say, “it is awfully hard to be green when you are in the red!”</p>