

10 JUL 2000
T.M.L.

MDBC FA 0533
Comm. no. 19378

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: BRUCE DANSON

CONTACT DETAILS: 02 67923102.
Postal "Mentone" NARRABRI 2390.

DATE: 6.7.00

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.

Ecological Sustainability of Rivers	Cap Project Board Position	Comment
	<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>Agreed. What has always been clear is that individuals will exploit wherever possible without consideration of their actions on others</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>Concerning Time lag in seeing the effects of the present level of Diversion - we have not yet experienced the full detrimental effects as this may take some decades. There is a need to proceed to the next step to increase our understanding so as to determine a sustainable diversion level etc. Better information + Understanding is part of the key to obtaining greater value from environmental flow.</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>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>Perhaps this needs to be better explained within the community. However this is not necessarily MDBC responsibility as it should be clear the cap is intended to provide security which is distinctively different from the reform process as in NSW.</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>This is not always the perception in Northern NSW - However the same people would like to think they are entitled to additional diversion etc regardless. One concern is the present level of diversion is in the long term not sustainable. Long term investment must be at a sustainable level of diversion.</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>Unfortunately in that area of concern i.e. Darling Basin - Gwydir Rivers restraint is not occurring. Some of this is a NSW problem.</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>Overall this a fair comment</p>

Economic and Social Impacts

	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>Floodplains overland flow + farm dams and tree plantations all need to be properly addressed by jurisdiction of both MDBC and each other Jurisdiction is Farm dams are part of NSW water reform (unresolved) Embracing Both surface and groundwater resources in total catchment management is important Better measurement + modelling required</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>	<p>It is significant that much public comment confuse the operation of the cap and the NSW issues are also being used as an emotive argument in the NSW reform process. Much rural media do not understand the difference.</p>

Implementation and Compliance	Cap Project Board Position	Comment
	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.	Yes.
	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.	Yes. the models need to be understood
	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.	The breach in the Barwon Barwon Darling System is an example of what could have happened without the cap. Those submissions from this area are likely to include people who agree with cap and expect to be entitled to as much diversion as they can get. This ^{Breach} is a serious problem and is accompanied by intense lobbying within NSW.

	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.	Essential
	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:	OK.
	<ul style="list-style-type: none"> ▪ Removal of references to end-of-valley flows as a method for Cap compliance. 	Given the alternative methods are implemented in modelling
	<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 "to ensure that cumulative diversions are brought back into balance with the cap". 	This seems reasonable and needs to be supported.
	<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. 	agreed.

	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>	<p>MDBC needs to progress to the next step.</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>Generally I like the nature of what is written. It is going to become more difficult to implement as it becomes clearer that some diversions are not sustainable.</p>