5 July 2000

SUBMISSION BY GWYDIR VALLEY IRRIGATORS ASSOCIATION INC.


OVERVIEW OF THE GWYDIR VALLEY

This submission is focused on the operations of the CAP in the Gwydir Valley, on its effect, benefits, productivity, application and results.

The short answer to all the above points is "NIL".

The CAP has not been defined for the Gwydir Valley, and it cannot be applied to the Gwydir because the area known as the Gwydir Watercourse, west of Moree, is an ephemeral wetland. There is no capacity to control flows into the wetlands, nor to keep unregulated flow above 11,000 ML/day in the Gwydir River at Pallamallawa, out of the effluent streams of Carole Creek and Mehi River.

There is no capacity for the Gwydir River to contribute to the Barwon-Darling river system apart from major floods.

The Gwydir Valley has therefore been eliminated by government as a feeder valley to the Barwon-Darling River in contributing through Menindee Lakes to the supply of water for South Australia.

I refer you to our submission to you of 25 November 1999, and our submission to Ministers Yeelon and Anderson of 16 May 1997, copies (without attachments) enclosed.

The position of the Gwydir Valley has not changed since the inception of the CAP. The fake CAP as claimed by the Department of Land and Water Conservation is explained in the attached table "Gwydir Environmental Flow Rules".

The Department of Land and Water Conservation has drawn a line across the table of flows 1893 to 1994 to come up with an annual diversion under current conditions and Environmental Flow Rules, an average diversion under 1993-94 CAP of 405,000 ML, and has said this is the CAP.

Given that the licensed annual entitlement for low security water in the Gwydir Valley is 518,000 ML, for which each irrigator pays $2.74/ML/pa, we have advised the Department of Land and Water Conservation that it they attempt to impose a CAP limit of less than 518,000 ML per annum, we will take the matter to court.

The maximum usage of all water, high and low security irrigation, stock & domestic supply, Environmental Contingency, etc., has been 572,000 ML in one year, 1991-98.
The previous highest usage was 454,766 ML in 1986-87. The average diversion, on- and off-allocation, from 1981-82 to 1998-99 is 289,956 ML per annum, far below any CAP. The Gwydir Valley has a reliability of 32 per cent supply to irrigation entitlement.

A series of irrelevant assumptions which do not bear scrutiny, particularly in the Gwydir Valley, have been promoted in order to maintain an irrelevant, meaningless process across the Murray-Darling Basin.

It is patently ridiculous to attempt to exert a whole-of-basin management structure, common to all valleys regardless of the quantity of water delivered to the Murray-Darling Basin system. The CAP should be applied to individual valleys where practical outcomes can be achieved, and removed from those valleys to which it has no meaning.

The irrelevance of limiting water use above Menindee Lakes is obvious when it is realised that 700,000 ML per annum of water evaporates from Menindee Lakes. That is the equivalent of the total usage of the Namoi, Gwydir and Macintyre Valleys in an average year.

If the Murray-Darling Basin Ministerial Council and the Murray-Darling Basin Commission is genuine in its water saving approach, then it would divert its funds and attention to a redevelopment of Menindee Lakes.

The same overall whole-of-basin approach is taken by the Murray-Darling Basin Ministerial Council in regard to salt.

Given the evaporation rates from the Lakes, if salt in any quantity was entering Menindee Lakes through inflows from the north, the Menindee Lakes water would not be useable.

The tunnel-vision approach by the Murray Darling Basin Commission to a CAP loses sight of other factors which can do far more harm than over-use.

The W1 weed, Water Hyacinth, is now out of control in the Gingham Watercourse in the Gwydir Valley west of Moree. It is unconscionable to claim that it has never escaped from the Gwydir in the past so will not escape in the future. The right conditions will see it in the Barwon-Darling, and Menindee Lakes, and the Murray Darling Basin Commission will then have a real problem on its hands.

Another weed, Lippia, is growing vigorously only four kilometres from the Barwon. This take-all will cause further havoc to land management, as there is no chemical control for it, and the Native Vegetation Act prevents the only real cure, which is to plough it out.

We suggest that a genuine look at the real problems of the Murray-Darling Basin would serve this nation far better than self-serving reports aimed at maintaining the CAP.

Yours faithfully,

John Seery
Chairman.
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, are available from the Murray-Darling Basin Commission and from the Commission’s website: www.mdbc.gov.au

COMMENTS BY: GWYDIR VALLEY IRRIGATORS ASSOCIATION INC.

CONTACT DETAILS: Mr John Scoey, Chairman,
Gwydir Valley Irrigators Association Inc., PO Box 1451, Moree 2400

DATE: 4 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 400
  CANBERRA ACT 2601

  Attn: Dr Tony McLeod, Project Manager
  Tel: 02 6279 0144
  Fax: 02 6239 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.
<table>
<thead>
<tr>
<th>Cap Project Board Position</th>
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<tr>
<td>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.</td>
<td>The CAP has had nothing to do with the recovery of the Grahame Watercourse, or the environment, following the 1992-96 drought, or any other time. The CAP does not make rain, and in no way can be credited with the last four years of good production.</td>
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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 not 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 directions of improved water management. | This is self-serving nonsense, designed to keep unproductive people in a job. There is no basis of fact to substantiate any of these statements. As for lowering the CAP to obtain better sustainability, we suggest a breach of the CAP is required before such changes are made. Moving water to un-audited, un-accountable environmental projects is an ideal to the productive use of water. Accountability for water use is incumbent on all water beneficiaries, not just those who pay for it. |
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<td>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.</td>
<td>See &quot;A&quot; following.</td>
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<td>The results of research conducted for the Review make it clear that in the absence of the Cap, the impact of security of supply for irrigators and other users would have been significant. These analyses were performed for several systems across the Basin reflecting diverse agricultural practices and climatic conditions.</td>
<td>This is rubbish in relation to the Gwydir Valley. Because the valley has a 32 per cent security of 100% allocation, the Cap is irrelevant, a costly addendum to an otherwise waterful program.</td>
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<td>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.</td>
<td>The CAP does not guarantee security of anything, let alone water supply. The Gwydir Valley has no CAP, God decides our future, not the Murray Darling Basin Commission. It is about time the Project Board got out of Canberra and looked at the real world.</td>
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<td>The Project Board considers that the Cap has provided a mechanism for restraining, in an orderly fashion, growth in irrigated areas while enabling economic development to proceed.</td>
<td>How can a CAP which does not exist, restrain anything. The restraint is gross over-allocation of licences and an individual ability to find $1.4 million each to purchase additional licences.</td>
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<td>The Project Board recognizes that the existing power-constitution will not be the perception of every stakeholder in the Basin. However, the Project Board concludes that the overall benefits of the Cap, especially from ensuring security of supply at a valley level and providing an environment within which water trading and released reforms could be developed, has been a positive outcome.</td>
<td>The CAP has had nothing to do with security of supply or trading. There is no security of supply in the Gwydir and water trading was in place long before the CAP.</td>
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Attachment “A”

To use the discredited Marsden & Jacob Report for anything other than Victoria is unwarranted, and causes grave concern at the competence of the Project Board. Marsden & Jacob did not study the Gwydir, have no knowledge of it.

There is no evidence of social or economic benefits linked to the CAP in the Gwydir Valley.

Through the incompetence of the Department of Land and Water Conservation, the Gwydir Valley water through Capenora Dam was grossly over-allocated before the dam was completed. There are no deeper or share licences in the Gwydir, all licences are in heavy demand, which is why a 972 Ml licence sells for up to $1.4 million.

The failure of Government, the Murray Darling Basin Commission and the Department of Land and Water Conservation, has forced the Gwydir Valley Irrigators Association Inc. to undertake its own studies. Projects to the value of $800,000 are now under way.

As there is no CAP in the Gwydir, the Board is wrong to make these suggestions/assumptions.
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<td>The Project Board identified several equity issues initially Cap arrangements for Queensland and the ACT of longstanding duration that require urgent resolution. In addition these are several more recently identified equity issues (goolpho and overland flow 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.</td>
<td>These matters have nothing to do with the Murray Darling Basin Commission, they are the responsibility of the NSW Government. The fact that Queensland has thumbed its nose at the Murray Darling Basin Commission shows how sterile the Murray Darling Basin Commission is. These matters must first be dealt with on a valley basis, with a total valley management approach.</td>
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<td>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 entitlements versus history of use, specifically in New South Wales (the &quot;scrapesweeper&quot; 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.</td>
<td>The Murray Darling Basin Commission does not have the power or the responsibility to determine the actions of the States, yet it is trying to do so. Having used power of direction without socio-economic study on CAP, the Murray Darling Basin Commission is now blaming the States and washing its hands of any responsibility.</td>
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"Zap the CAP"
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<td>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.</td>
<td>Queensland has plunged its toe at the Murray Darling Basin Commission and allowed enormous development of its resources. The Independent Audit Group's response is flawed and the Project Board recognises this by qualifying its approval.</td>
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| 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. | Computer modelling needs accurate input which is not available on the Gwydir. To have implemented a CAP without a socio-economic study or accurate flow data means the CAP. Department of Land and Water Conservation failure to adequately licence water diversion is the cause of the problem. A CAP will not solve this inefficiency. |

<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 water being within Cap limits. | The Project Board admits the Murray Darling Basin Commission failure to manage Queensland and ACT. The main beneficiaries, Victoria and South Australia, automatically fell into line: if they did not, there would be a total CAP failure. Breaching of the CAP in the Barwon-Darling proves its ineffectiveness, especially in high flow situations. Meiniede Lakes is a most inefficient storage, losing 700,000 Ml per year in evaporation, yet no action is taken. This paper is as inaccurate as the Salt Audit. |</p>
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<td>With the implementation of the Cap project, completion in most jurisdictions is now the opportunity to take the &quot;next step&quot; 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 assess 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 Initiative, a Sustainable Rivers Audit can be viewed as the next step in the process of achieving this objective.</td>
<td>If the implementation of the CAP is only nearing completion after 5 years, it says little for its management. There is no audit of the use of environmental water in the Gwydir, the irrigators are the only group that pay for water, yet there are many other economic beneficiaries. We will have audits of audits without the first audit having occurred. If we are to be inflicted with a CAP, it should be managed on a valley by valley basis. This whole process is becoming a bureaucratic nightmare, and an audit should be undertaken as to the effectiveness of the Murray Darling Basin Commission and the Murray Darling Basin Ministerial Council. Water management plans have now been incorporated in the new NSW Water Bill, on a valley by valley basis. The Murray Darling Basin Commission should not try to second guess State law. Current management structure in the Gwydir has given a more healthy river than ever existed before Copeton Dam construction.</td>
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GWYDIR VALLEY IRRIGATORS ASSOCIATION INC.

Chairman: John Seery
P.O. Box 1461,
Murrurundi, NSW 2338
Telephone: 02 6752 3251
Fax: 02 6752 8018

25 November 1999

The Commissioner
CAP Project Board
G.P.O. Box 469
CANBERRA ACT 2601

Dear Commissioner Wonder,

Thank you for the opportunity of making a submission on the review of the operation of the CAP.

We respond in the order of your terms of reference:

(a) Ecological sustainability of rivers.

The CAP has had no effect in the Gwydir Valley on this point of reference. Regardless of the CAP, the ecological sustainability of the Gwydir River and its effluents, Carole Creek, Medhi River, Moomin Creek and the Lower Gwydir River, has improved substantially since the completion of Copeton Dam in 1976.

The distribution for the purposes of irrigation of regulated dam water down the effluent streams has meant continuous flow of water, especially during the months September to April. This has continuously flushed the streams during the summer, and with an end of stream flow of 20 Ml has meant water has reached the Barwon River.

(b) In times of flood, the Gwydir and the effluent streams carry a significant flow to the Barwon River. This is highly variable because of differing flow volumes.

The other major beneficiary of regulated flow in the Gwydir is the Gingham and Lower Gwydir Watercourse. These channels receive a stock and domestic allocation of 10,000 Ml per annum, plus an environmental contingency allowance of up to 37,500 Ml per annum, plus the first 500 Ml in any unregulated flow, thence 50/50 sharing with the effluent streams. Water through the watercourse has only ever reached the Barwon in a big flood.

The water sharing arrangements between the environment and the irrigation industry, now formalised and agreed, provide an environmental contingency allowance from regulated flow from a dam built specifically for irrigation, a concession by irrigators reducing their allocation rights (which average only 38% of entitlement).

The water sharing arrangements for unregulated flow have almost always resulted in an 80/20 share of water to the environment because of the inability to distribute the 50% share to the irrigation industry in high flow events and floods.
As a result of environment decisions by the Government, an 11% contribution from the whole of the water resources of the Gwydir Valley has been made to the environment.

The minor effluent streams of the Melhi River/Moomin Creek systems receive 10,500 ML per annum for stock and domestic use. Before regulation, these streams were generally dry except during high river flows.

Prior to Copeton Dam construction, the Gwydir Valley watercourses received water in wet times only. The creeks and rivers were a series of waterholes, whilst the watercourse alternated between wet and dry periods, depending on river flow.

The imposition of the CAP has therefore had no ecological effect on the Gwydir, as its flow through history has rarely reached the Barwon.

(b) Equity

The CAP figure has never been used in the Gwydir as a limit to water usage, in fact, no one can say what the CAP figure is, certainly not the Department of Land and Water Conservation.

A dubious figure has been arrived at, by averaging flows from 1893 to 1994, giving 406,000 ML, which is as good a guess as any one could make. There is no definitive 1993/94 CAP figure because of the severe three year drought which occurred, 1993/94 being the middle year.

There have been no restrictions on water use as a result of the CAP, therefore there are no equity issues in respect to it within the Gwydir Valley.

As the Gwydir Valley water has rarely reached the Barwon, there are no equity considerations between the Gwydir, the Barwon or the Murray Darling Basin.

The only time the Gwydir system contributes to the Barwon Murray Darling Basin is when there is a major flood in the Gwydir Valley, and there is always a substantial flood in the Barwon from either the Macintyre and other effluent sources and/or the Nanoi River at the same time.

(c) Economic and social impacts.

As the CAP has never been implemented in the Gwydir Valley, there are no economic or social impacts, good or bad, other than a substantial waste of Department of Land and Water Conservation time and money carrying out studies to endeavour to determine the CAP.

(d) Implementation and compliance.

The CAP has never been implemented in the Gwydir Valley. The irrigation industry has never used its full entitlement of 54,000 ML of general security water, and only once, in 1997/98, exceeded 518,000 ML in total on- and off-allocation water, when it pumped 522,000 ML.
Should the Murray Darling Basin Commission wish to limit this or any other valley to a CAP less than the licensed entitlement of on-allocation water, then it would be imposing a constraint of production that it would find impossible to justify.

The CAP is an extraneous growth on the Gwydir Valley, which has achieved nothing, produced nothing, has been a costly departmental exercise in nothing, and as far as this valley is concerned, should be abolished.

Yours faithfully,

John Seery
Chairman.
GWYDIR VALLEY IRRIGATORS ASSOCIATION INC.

Chairman: John Seery
P.O. Box 1451,
Moree, NSW 2400
Telephone: 067 523 253
Fax: 067 525 018

16 May 1997

SUBMISSION TO MINISTERS ANDERSON AND YEADON,
MURRAY DARLING BASIN COMMISSION BLACKMORE AND STAFF,
at the BURKE AND WILLS MOTEL, MOREE,
Friday, 16 May 1997, at 10.00 am
on behalf of Gwydir Valley Irrigators Association Inc.
Presented by John Seery, Chairman.

Thank you Ministers for receiving our delegation, and for giving us the opportunity to present our case on the CAP, and because of its relation to the CAP, the price of water.

The Gwydir Valley is a self-contained inland delta, with water only reaching the Barwon/Darling River system in large floods. I tender a confirming letter dated 24 June 1996, sent by me to the Murray Darling Basin Commission following a meeting I had with Mr Blackmore, Chief Executive Officer of the Murray Darling Basin Commission on 17 June 1996. We have not received a reply correcting any of our propositions. (Attachment "A").

Minister Yeadon, in a press release dated 23 September 1996 (Attachment "B") and mine of the same day (Attachment "C") established the distribution rules for 1996/97.

The Minister’s announcement called for a 50/50 split of unregulated water in the Gwydir, my response agreed with his statement, but pointed out the inability of such a process to be implemented in a flood. I present a flow chart of the events since 1 October 1996 to 30 April 1997 (Attachment "D") proving the inability of the Department of Land and Water Conservation to control high flows.

You will note the comparatively small flows down Carole Creek at Boolooroo weir, and the Mehi River at Tareelaroi weir, compared to the Gwydir River recordings at Yarraman gauge, downstream of Boolooroo and Tareelaroi weirs, again proving lack of water control in a high river. There is only a trickle reaching the Barwon through the Carole/Mehi/Moomin river systems. This is further demonstrated in Attachment "E".

The Gwydir Valley Irrigators Association Inc. believes that the introduction of a CAP was to limit water usage by irrigators to ensure a maximum flow entered the Barwon Darling system. To implement such a system in the Gwydir would be impossible. This is borne out by the figures in Attachment "D" over the last 9 months, and over the last 15 years as shown in Attachment "F", Gwydir River Flows - Water taken by Irrigators, Gingham and Rest of the River. Unregulated water chooses its own path, and there is not the capacity in the valley to divert floods through the effluent streams of Carole Creek and the Mehi River to assist the Murray Darling River system.
The extreme variability of Gwydir River flows further complicate the problem in determining a CAP. Further reference should be made to Attachment "F". Flows at Pallamallawa have a variation of from low for the year 1994/95 of 137,188 ML to a high in 1983/84 of 1,358,719 ML, a variable of 1,221,531 ML. We have not had a real flood since 1976. Out of a flow covering 15 years totaling 8,966,420 ML, of which the irrigation industry has diverted 4,003,830 ML, the environment has received 4,062,595 ML. This destroys any argument in favour of a CAP.

Minister Yeadeon's statement (Attachment "B") limits the 50/50 split of off-allocated water to one year, 1996/97. That agreement will be up for review before the 1997/98 season, commencing on 1 October 1997. The Gwydir Valley Irrigators Association Inc. will be strenuously supporting the continuation of that agreement for a 5-year period. The 50/50 split is vital to the irrigation industry in years of low flow. While in years of high flow, the water cannot be controlled.

However, the Minister has yet to make a decision on the Gwydir Valley's off-allocation entitlement, and depending on that decision rests the basic calculation for a CAP.

The economic future for the production of cotton, oil seeds, wheat, and stock, employment and local business, will be affected as a result of the decisions on both the CAP and the 50/50 split. The economic benefits and social structure of the Gwydir Valley will be adversely affected, without any benefit to the Murray Darling Basin.

In addition, the issue of water pricing must be looked at in the context of the COAG agreement as covered by Sir Eric Neale's Report of the Expert Group of Asset Valuation Methods and Cost Recovery Definitions for the Australian Water Industry, February 1995, pages 15, 16, 17, 43, 44, 45, 46 (Attachment "G"), which is quite definitive on who should pay. The application of a CAP would make it impossible to implement the COAG decisions that all beneficiaries must pay for the water they receive. The inability of the Department of Land and Water Conservation to define the beneficiaries could mean both Governments, through a community service obligation, would have to meet the other half of the costs not borne by irrigators, to meet the demands of COAG.

The Gwydir Valley Irrigators Association Inc. rejects the principle of a CAP, can see no benefit from its introduction in the Gwydir Valley, and requests both Ministers to exclude the Gwydir Valley from further consideration.

John Scecy
Chairman.

2
FLOW RULES

GWYDIR ENVIRONMENTAL

Environments and Water Conservation

Comparison between 1993/94 and Current Conditions

Current Conditions with EFRs

Average Diversion under 1989/90 EFRs

1989/90 EFRs