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7 July 2000

Dr Tony McLeod  
Project Manager  
Review of the Operation of the Cap  
Murray-Darling Basin Commission  
GPO Box 409  
CANBERRA CITY ACT 2601

Dear Tony

*Tue-L*

cc FA 105  
MDBC FA 0533 371  
Corr. Id. 19397

RECEIVED  
12 JUL 2000  
M.D.B.C.

### REVIEW OF OPERATION OF THE CAP

Goulburn-Murray Water (G-MW) has reviewed documents sent under cover of your letter dated 17 April 2000. G-MW has discussed issues raised in the draft report of the Review of the Operation on the Cap with NRE and agrees with comments from NRE representing Victoria's response.

G-MW agrees with the Project Board's conclusions arising from their consideration of Ecological Sustainability of Rivers, Economic and Social Impact, and Equity.

The conclusions from consideration of Implementation and Compliance include recommendations for changes to Schedule F of the Murray-Darling Basin Agreement. Our comments are as follows:

1. Removal from Schedule F of references to end of valley flows is supported.
2. Wording of Schedule F should be clear that payback of cap exceedances is expected and proposals for making good the overruns in diversions should be presented. We understand that there may be some political difficulty in achieving reductions in diversions to make good cap breaches in the Barwon - Darling, never-the-less proposals should be presented and considered on their merits. If, after consideration of options for payback it is agreed that payback is not achievable then the requirement might be waived. The Schedule should not be made more open to interpretation in order to resolve the present difficulties.
3. We do not support changing the Cap account to start with the 2000/01 water year for valleys where cap estimates have been prepared and accounted since 1997/98. For Cap accounts such as Queensland and ACT 2000/01 is an acceptable start year and we consider that the lack of uniform commencement year is not a concern. Victoria implemented water management changes to achieve cap outcomes. These changes have

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been accepted by Victorian irrigators after consultation and changes to irrigator practices and behaviour. Having achieved the benefits of positive cap compliance over the two water years assessed to date it would be inequitable to yield these benefits.

Yours sincerely



Denis Flett  
CHIEF EXECUTIVE

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