

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: Murray River Action Group Incorporated
VFF Barnawartha Branch
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DATE:
9 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
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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>We support the principal of the Cap and are aware that it was an overdue necessity for the ecological sustainability of river systems-however care has to be taken in the application of restrictions and rulings by State Governments to maintain the equity in distribution of the resource.</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>We would not like to see a reduction in the Cap in the near future but believe there is much saving to be made immediately by better management practice both by agricultural users and water managers. Long term water delivery methods need major improvements and certainly the ability and right to use water where it is most efficient has to be stressed. Government water authorities should also be pressed to recognise this-in our area water falls in high country catchments so why should we not be a more economic user commercially and environmentally. We feel these changes would certainly improve the health of the river and would also eventually lead to more water for ecological sustainability of rivers as well as in “laymens terms” perhaps the return of the floodplains, wetlands and river flow closer to natural conditions-“the way it used to be”.!!</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.	Personally I don't see "compelling evidence" that the Cap has worked miracles as of yet-perhaps in other areas such as Northern NSW and Queensland it is more perceivable. I look forward to it being visible in the Murray Basin, unfortunately the whole of this on ground study has been done during four exceptionally dry years-I will be told "modelling" has overcome this discrepancy but will wait and see.
	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.	Along with river water and land degradation we feel the issue most driving this question is "irrigation" and commercial water use and once again the down river irrigators are the driving force.
	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.	In your being satisfied that you are guaranteeing supplies of water to valley users the needs of catchment farmers are being severely jeopardised – you say you are assisting agricultural users but by placing restrictions, both physical and financial, on high country farmers there seems to be a contradiction in equity.
	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.	Again we agree with this but the pressure for economic development and production has now been shifted to catchment farmers-as above.
	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 appear to be stakeholders who agree with the need for the Cap but have a problem with equity between the high country agriculture and the "valley" (your term) users.

	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>We have touched on the inequity of agricultural use. We agree that CMAs are really moving into local issues and making much progress in recognition of their work and contacts with individuals and making projects of stream health, salinity, treeing and revegetation issues “owned” by the community-all good long term ecological work.</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>Once again the water users in the “valleys” are being addressed. We realise towns and cities in these areas have every right to water expectancy-after all that is why they were built there initially. Following on from that, why should not the people who bought and settled high country land - very expensive land in very difficult terrain – which was mainly pastoral pursuits and now becoming financially unsupportive, expect some equity in water allocation on having to restart and diversify their farming methods.</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.	Agreed
	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.	Not qualified to comment.
	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.	It is with the implementation of the Cap by State Governments and Water Authorities that the difficulty arises. Possible inequities appear to abound. It is important that a fair and workable arrangement with all stakeholders be implemented and entered into.

	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.	Agreed
	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. 	Agreed
	<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>”. 	Agreed
	<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>	Agreed

	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>As already mentioned the implementation of the Cap - and its long term effects on agricultural, commercial and domestic users- by Water Authorities answerable to State Governments seems to us to be the weakest link in enacting this Review. If more water, and we realise this is a finite resource, is available to renew and repair our river systems this Cap will be a great achievement.</p>