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## 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](http://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: *Phil McPherson*  
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DATE: *7-7-00* *TR. 0357666273*

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](mailto: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.

*FAXED 15.30  
9-7-00*

	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>Agreed. We need to plan our water usage over the whole of the area. That means looking beyond just the supply to the irrigators, which this report is obviously slanted, to the upstream, or catchment users also.</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>Where are you going to start to alter the system, if someone decides the Cap is insufficient? There is no mention made of inefficiencies and water loss in the present system. Are you happy to just let that continue unabated? Or is the aim to start to deny the catchment areas their "rainfall rights", which are just as entrenched as the irrigators "licence to water"?</p>

	Cap Project Board Position	Comment
	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.	
Economic and Social Impacts	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 disturbing thrust of this "review" is the importance placed on irrigators. There is little balanced desire to be looking at the whole picture. According to this report / review all value adding or high value agriculture only occurs at the Valley level. How much research or input was put into this paper?
	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.	As above — occurs also in the catchment areas.
	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.	
	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.	Water trading sounds great as water goes to the highest bidder or those areas more profitable. It also shows up over allocation of water rights to those who don't need it (the some will have altered their program no doubt) and can sit back and trade their allocations and make a living out of it. Ok providing some are not penalized by having to find that water in the 1st place!

	Cap Project Board Position	Comment
<b>Equity</b>	<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><i>No one is asking or expecting this Board to take total control over all raw water, be it either upstream or downstream.</i>  <i>This concept is taking the whole issue to the extreme, under the guise of looking after the environment etc.</i>  <i>Not on!</i></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
	<p>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.</p>	
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Implementation and Compliance</p>	<p>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.</p>	<p>Computers are only as good as their software and the people operating them. Guess work, however technical it may be, will form a large part of the software (should we call it "assumptions") and will therefore only be as accurate as those assumptions either way. Is this really going to be an effective tool?</p>
	<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 other valleys being within Cap limits.</p>	

Further comments following.

	Cap Project Board Position	Comment
Schedule F to the Murray-Darling Basin Agreement	<p>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.</p>	
	<p>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:</p>	
	<ul style="list-style-type: none"> <li>• Removal of references to end-of-valley flows as a method for Cap compliance.</li> </ul>	
	<ul style="list-style-type: none"> <li>• 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>".</li> </ul>	
<ul style="list-style-type: none"> <li>• re-setting the commencement date for accounting for diversions under the Cap to start with the 2000/01 water year.</li> </ul>		

	Cap Project Board Position	Comment
<b>Sustainable Rivers Audit</b>	<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. 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
<b>Any Other Issues</b>	<p>Are there any other issues raised in the draft report that you wish to comment upon?</p>	<p>Yes - See attached Paper .</p> <p style="text-align: center;">2</p>

Having read through this Draft Report we are left with the distinct feeling there are a few underlying aims hidden within.

Firstly it does appear the basis behind this report is an overall aim to gain control over all water, (be it above or below ground, irrigated or collected in catchment areas) under the blanket of looking after our environment. While the environment/river flows etc are an important part of our life both now and in the future, we are heading fast into total regulation which will in itself create tensions that will flow to bitter divisions within the M.D.B. and further afield.

The report states in the executive summary "the cap has also helped alleviate tensions over recourse distribution etc" (see page viii), completely overlooking the tension it is creating now between catchment and gravity irrigators. This in itself shows either little research has been carried out, or the proponents of this report are totally dedicated to the ultimate aim behind this report. Which brings us to our second point.

This is an unbalanced report, with a strong bias towards irrigation.

Where is the mention of :- (a), catchment areas ---- except on page 6 **Exposure of environments share to reduced catchment yield** where it is mentioned as "the necessary spatial resolution to effectively manage our natural resource system".

(b), the obvious value adding and high value agriculture that exists above the "valley level".

(c), the concern as expressed in page 8, of climatic extremes for the whole of the M.D.B. THIS IS AUSTRALIA. We do have climatic extremes, however it effects the high rainfall country as well as the low rainfall areas. Where are the plans for alleviation of "climate extremes" in the catchment areas if this is a balanced report?

High rainfall country is, and always has been, dearer to buy than the low rainfall country that relies on irrigation, because people realise that rainfall is the key to productivity (and usually better soils) and therefore have to pay more for that "insurance". Despite this "insurance" they too suffer however, under climatic extremes, but only irrigated agriculture seems to interest or rate a mention with this Review.

(d), the obvious wastage that is occurring under our present system of irrigation, with evaporation, leakage and poor practices. This is where HUGE water savings can be made, and should be addressed by this report and not fobbed off under the category of Jurisdiction.

Thirdly it would appear the thrust behind this report is not just to decide the Cap is definitely working (this has been done often throughout the review) but also to go further, and decide it must be refined as time goes by, which is mentioned over and over again. This obviously is the way to demand more water but from where? No mention of the necessity to remove excess water rights or cancel "sleepers" etc, just a subtle reference to catchment scale page 6, and further references to farm dams, water for trees, overland flows and ground water etc (see pages 6, 12, 14, 17).



If this draft report is to be taken seriously as an attempt to fulfill the M.D.B. Initiative, then it should reflect ALL sides of the issue, the catchment and the valley level, the value adding and high value agriculture on both ends. The Project Board has obviously already made up its mind as to what has happened re the Cap (and dismissed as irrelevant or misperceptions any disagreement, see pages 6 & 9) and is deciding it needs further refining as is suggested many times throughout this Report.

We are disappointed a body supposedly set up to administer and co-ordinate such a hugely important area as water, could be so poorly informed or blatantly biased in its direction. An issue such as this requires a total rewrite we would suggest, or maybe a change of board members to attain a balanced view, for the betterment of all within this Murray Darling Basin.

**P. & E. MCPHERSON**

