

REVIEW OF THE OPERATION OF THE CAP

Response Sheet for Comments on Draft Report

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Cap Project Board Position Comment Ecological Sustainability of Rivers

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.

Agreed.

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.

Agreed. Board should take care that if lowering of the cap becomes necessary, then one section of the farming community must not benefit at the detriment of other sections. Further restrictions must be equitable across all consumptive users.

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.

Perhaps. I would agree that the lower catchment areas such as the Goulburn Valley will have seen an improvement in social benefits, but I disagree totally that uplands infrastructure has improved one iota. It is most definite that it (the cap) has injected

a sense of fear and disillusionment among upper catchment landholders, and stifled some growth in these regions.

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.

In principle agreement. Board must rid itself of the perceived image of always siding with irrigators and that only irrigators matter.

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.

At the Valley Floor???? Board seems to me to be saying that only development at the lower end of the system is viable. I remind you that 2/3 of the water released from dams for irrigation never sees the valley floor as it is lost through various causes.

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.

Certainly has restrained an orderly growth in diversions, especially in the upper catchment, but unsure as to whether it has enabled economic development to proceed other than at the lower end of the system.

The Project Board recognizes 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.

Too much emphasis on security of supply to irrigators. Environment should be considered first priority, stock and domestic, second then irrigation with little regard for securing sales water.

Cap Project Board Position Comment Equity

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. **PLUS**

For the environment and all catchment consumptive users

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.

This Board position I think shirks the responsibility of issues created by the cap action, and tries to devolve that responsibility to lesser authorities to sort out the mess. Need to take a more active role in these matters on behalf of all consumptive users.

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.

General agreement.

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.

No 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.

More pressure needs to be put on non compliant States to fall into line before further burdens are forced onto those already complying

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 Murray-Darling Basin Agreement.

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:

Removal of references to end-of-valley flows as a method for Cap compliance.

Agreed

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”.

Agreed.

Re-setting the commencement date for accounting for diversions under the Cap to start with the 2000/01 water year.

Do not agree. This situation could go on ad infinitum.

Cap Project Board Position	Comment	Sustainable Rivers Audit
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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 Initiative, a Sustainable Rivers Audit can be viewed as the next step in the process of achieving this objective.

Agreed.

Cap Project Board Position	Comment	Any Other Issues
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Are there any other issues raised in the draft report that you wish to comment upon?

The Board must be very diligent in overseeing the equity of water availability. Providing security of irrigation water as number one priority has the potential to devastate the environmental health of the river system and wipe out existing agricultural pursuits in the upper catchments which cannot economically be sustained in the high saline environments in the lower catchments. They (the Board) must be aware that the more water allocated to irrigators, the more they will want. It is absolutely critical to agriculture’s survival that water be shared equitably, and not allocated preferentially.