

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: The Goulburn - North East - Water for Growth Committee

CONTACT DETAILS:

DATE:

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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CANBERRA ACT 2601

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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	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.	The Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position. Not only would there have been significant risk to the environment, there would have been significant risk to users as security of supply was put at risk.
	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.	The Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position.

	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.	The Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position - the Goulburn - North East - Water for Growth Committee believes the Cap has provided increased security for the environment and existing users.
	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 Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position - as detailed above, the Goulburn - North East - Water for Growth Committee believes the Cap has provided increased security for the environment and existing users.
	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.	The Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position - the Goulburn - North East - Water for Growth Committee believes an essential component of ensuring security of supply at the valley level is to adequately scope and apportion the resource. Streamflow Management Plans are essential if this is to be satisfactorily undertaken.
	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 Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position.
	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.	The Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position, especially those elements relating to security of supply and trading. These are critical components that must exist if development is to be sustained.

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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>The Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position and urges a total catchment and basin wide approach be taken to overland flows in order to eliminate risk to the environment.</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>The Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position and promotes the development of community based Streamflow Management Plans, as a means of addressing the issues raised by the Board.</p>

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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.	The Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position.
	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.	The Goulburn - North East - Water for Growth Committee strongly endorses the Cap Project Board position and believes that the models should be finalised immediately.
	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.	The Goulburn - North East - Water for Growth Committee believes that those States not complying with the Cap should be penalised and the overruns paid back.

	Cap Project Board Position	Comment
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Schedule F to the Murray-Darling Basin Agreement</p>	<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>The Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position.</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"> Removal of references to end-of-valley flows as a method for Cap compliance. 	<p>The Goulburn - North East - Water for Growth Committee endorses the Cap Project Board position. The Goulburn - North East - Water for Growth Committee believes a total catchment management approach should be applied embracing all participants - the Rural Water Authorities, Catchment Management Authorities and relevant Government Departments.</p> <p>One specific issue impacting on the above relates to Farm Dams. In certain valleys, the size and density of farm dams may be such that some special approval arrangements may be required, for example, where rural sub-divisions occur and a number of small properties are formed. If each small property has a farm dam, in some cases the resource may be stressed. The most effective management tool to control this situation is to utilise base data from the Streamflow Management Planning process as a basis for approval.</p> <p>Another issue to be considered is a total catchment approach to crops/plantations. Whilst maintaining the right of a landowner to utilise their land for whatever pursuit they may wish, there is a requirement to maintain an equitable balance. It was noted by the Goulburn - North East - Water for Growth Committee that large plantations should, within the limits of imposing equitable demands on owners, be optimised for salinity benefits whilst minimising water loss.</p>

<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>. 	<p>As detailed above, the Goulburn - North East - Water for Growth Committee strongly believes that those States not complying with the Cap should be penalised and the overruns paid back.</p>
<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. 	<p>The Goulburn - North East - Water for Growth Committee believes that a June 2001 commencement date is not achievable as there is significant work still to be undertaken. Resources do not appear to have been allocated to ensure the necessary outcomes are achieved before that date. The Cap adjustments with respect to Lake Mokoan are an example.</p>

	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>	<p>The Goulburn - North East - Water for Growth Committee strongly endorses the Cap Project Board position. The Cap is an input to sustainable rivers. A Sustainable Rivers Audit would be an important initiative towards the achievement of sustainable rivers, provided there was a means of ensuring those who placed unsustainable demands on river systems that were outside the Cap, were required to make recompense.</p>

	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>The Goulburn - North East - Water for Growth Committee has no additional issues.</p>