

THE *Irrigation Association of Australia*

MDBC FAC 533
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Dr Tony McLeod
Murray Darling Basin Commission
GPO Box 409
CANBERRA ACT 2601

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Dear Tony

Response to Review of the Operation of the Cap

The Irrigation Association of Australia is submitting this response to the Review of the Operation of the Cap.

For more information about the association's general stance on environmental issues I also attach its environmental policy.

Should you have any questions, please don't hesitate to contact Anne Currey, the association's Executive Officer, Communications and PR on 02 6628 7079.

Yours faithfully

Duncan Malcolm
National Chairman

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Creating a viable, efficient and sustainable Australian Irrigation Industry

Response to Review of the Operation of the Cap 2000 Irrigation Association of Australia

2. Ecological Sustainability of Rivers

The following points are made in response to this section.

- Maintaining water quality and river health is of vital concern to irrigation farmers. To this end, the Cap has made an important contribution to maintaining the health of the river system while providing some certainty for irrigation farmers and regional development based on irrigation.
- The report recognises that river flow is but one of a number of factors affecting river health. The IAA concurs with this view and believes the sustainable ecosystem should be determined in a holistic manner, not by seeking to determine the effect of river flow in isolation of other factors, for instance invasion of exotic biota and catchment deterioration through dry land salinity.
- To progress the issue of what constitutes a sustainable level of diversion, and 'effectively manage the environment's share', there need to be agreed environmental indicators that will constitute a basis for future management of the river.

It is important to recognise that because the effectiveness of the Cap will only be proven over time, environmental indicators must incorporate a time factor.

Once targets have been agreed, management regimes can be determined to the mutual benefit of irrigators and the environmental health of the river system and riparian lands. The agreed environmental flow for the Barmah forest is a good example of a management regime that maximises benefits to environment while meeting the need for improvements in reliability of supply in dry years.

- Any change in stream flow through climate change or other unforeseen circumstances will immediately affect the reliability of water entitlements held by irrigators. It is therefore incorrect to assume that 'reductions would largely be at the expense of the environment's share', as stated on page 6.

Irrigation farmers would need to adjust to these changed circumstances, for instance, by water trading to increase entitlement held. If it were necessary to provide additional water for environmental flow, there is potential for governments to enter the water market or invest in water saving technology. The Cap therefore provides an equitable sharing of the resource based on our current understanding of the needs of river ecosystems, and water trading provides a mechanism to adjust at the margin, should the need arise.

As a result any reduced security due to decreasing catchment yields will need to be recognised through appropriately readjusted allocations.

3. Economic and Social Impacts

The following points are made in response to this section:

- The Cap provides certainty for irrigators in that the reliability of water entitlements will not be eroded by further uncontrolled development. However, many of the comments are overstated. The current activity in water trading is more related to dry years and low water allocation and only partly as a result of the Cap. More credence should be given in the report to strategies used by landholders to reduce exposure to drought, e.g. water trading and/or planting less crop area.
- The report seems to envisage a polarised electorate, with metropolitan electorates painted as more sympathetic toward maintaining riverine environment. It would be better to acknowledge that both metropolitan and rural communities value the riverine environment and have a stake in maintaining river health.
- The IAA agrees there is a paucity of good statistical information relating to the economic environmental importance of water resources, and funding to redress the lack of data is essential.
- The impact of the Cap in maintaining river health, and in particular water quality, is important for irrigated agriculture and, arguably of equal importance to improved water security.
- In section 3.2.3 there is a tendency to overstate the impact of the Cap. By itself, the Cap would have limited impact on water quality. Other measures, such as the MDBC salinity strategy and implementation of Land and Water Management plans, are essential to the effective operation of the Cap.

4. Equity

The following points are made in response to this section:

- The IAA recently hosted a forum to provide improved understanding and debate on the issue of equity in the ownership of water (*Who Owns the Water?*, Irrigation Australia 2000 Conference and Exhibition, May 2000). A clear outcome from the forum was all irrigation should be licensed, regardless of whether the water is derived from extraction from rivers, or overland flow.
- Dryland salinity will perhaps be the greatest threat to the riverine environment and water quality in future. Developing tree cover in catchments susceptible to dry land salinity is an important tool in mitigating against further degradation as a result of dryland salinity.

Any disincentive to tree planting by requiring offsets against the Cap could therefore be counter productive. It is important to consider the impact of reforestation in terms of the total impact on the basin rather than focusing solely on the impact on catchment yield. The IAA suggests that there may need to be other mechanisms to account for water used, especially by trees in their early growth phase.
- A serious omission in the review is that there is little mention of how groundwater resources will be managed under the Cap. There has been increasing interest in

groundwater resources for irrigation development as a result of the Cap on surface water. This could lead to over allocation and resource degradation if not kept in check. The IAA supports the view expressed in the project summary '... water management that embraces both surface and groundwaters'

- The IAA supports the need to recognise all existing licences regardless of the current status of that licence (active, dozer or sleeper). The purchase price of the land will clearly be determined by the associated water entitlements held, and it is inequitable to consider dozer and sleeper licences should be treated differently to activated licences. While the method of dealing with these licences needs to be resolved in each jurisdiction, the MDB Board should develop a clear view and recommendation on this issue.

5. Implementation and Compliance

The following point is made in response to this section:

- Development of well defined trading rules is supported by the IAA. However, different stages of development toward COAG objectives continue to be a major constraint. The reliability of water entitlements and the transparent pricing of water to meet the operating, maintenance and renewal cost is a pre-requisite for further development of water trading between jurisdictions, i.e. uniform pricing policy and application of policy across trading entities.