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**MURRAY
DARLING
BASIN
COMMISSION**

July 2005

Mr Peter Corish
Chair
Agriculture and Food Policy Reference Group GPO
Box 858
Canberra ACT 2601


Dear Mr Corish,

ReSubmission to the Agriculture and Food Policy Reference Group

Thank you for inviting the Murray-Darling Basin Commission (MDBC) to make a submission to the Agriculture and Food Policy Reference Group. We welcome the opportunity to provide input from relevant MDBC programs and projects. This response has been prepared by the Office of the Commission.

The Murray-Darling Basin Agreement is to "promote and coordinate effective planning and management for the equitable, efficient and sustainable use of the water, land and other environmental resources of the Murray-Darling Basin". This charter is achieved through the coordinated effort of the six partner governments and close cooperation with the Basin community.

The MDBC is developing a Basin-wide framework for the sustainable management of its water, land and other environmental resources. Key strategies and initiatives include, the Cap on Water Diversions, the Basin Salinity Management Strategy, the Living Murray Business Plan, River Murray Operations, Risks to Shared Water Resources Program and the Sustainable Rivers Audit.

Climatic variability and the corresponding impacts on water availability are major factors which impact on agriculture across the Basin. Operating in such a variable climate requires careful planning, forecasting and research to maintain the sustainability of water and land resources which are fundamental to Australian agriculture. The extremes more than the averages often drive the major changes to both environment and water use.

Clearly, the development of more efficient or more effective water markets and regulatory approaches will not necessarily overcome potential supply problems alone. The development of these mechanisms will, however, provide the economic and allocative tools for agricultural businesses to better manage the risks of variability in climatic conditions and water availability. The MDBC and the Ministerial Council have already implemented a range of key policies in this regard.

These include:

- the water sharing principles initially developed under the River Murray Waters Agreement, to take into account the variable flow, storage capacity and demand;
- The Cap on Diversions, introduced in 1995, which serves the dual purpose of preventing further erosion of water access reliability for existing water users, and protecting the health of river systems;
- Establishing arrangements for water trading. In establishing water trade, Governments recognise that rights to access and use water are valuable assets and that the users of those assets are best placed to decide their most productive use.

In 2004, the Murray-Darling Basin Ministerial Council identified six risk factors, that if not addressed, could cause the water quality and quantity in the Murray-Darling Basin to decrease. The six identified factors are

- groundwater
- bushfire impacts
- climate change
- reforestation
- farm dams
- reduced flows from irrigation.

Ministerial Council endorsed a work program to better assess the potential impact of these risk factors and to develop management options. In some cases the capacity to directly reduce the impacts on the Basin's surface waters is very limited, but building the capacity to adapt is critical. In other cases, governments may have the opportunity to identify and implement management strategies to reduce the impacts.

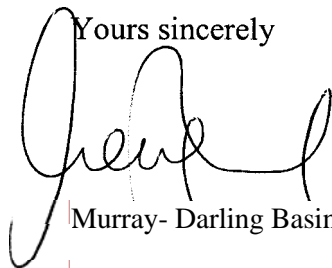
Where groundwater and surface systems are connected, groundwater use can significantly reduce stream flow. Impacts of water extractions can thus be cumulative in dry cycles. Groundwater use in the Basin has increased between 1995-2000 and this increase is projected to continue. Although the understanding of connectivity between surface water and groundwater needs further work and the capacity to measure groundwater use is, in some cases, limited, Ministerial Council has recognised this issue as an immediate priority.

I have attached to this letter recent relevant MDBC reports including the most recent Ground Water Status Report, Basin Salinity Management Strategy Report, the Sustainable Rivers Audit Program and the 2005 Cap Audit report.

If you have any questions or require further information on the issues discussed, please contact me at the MDBC office on 02 6279 0100.

Wendy Craik
Chief Executive

Yours sincerely



Murray- Darling Basin Commission