

**SUPPLEMENTARY AUDIT OF THE
BARWON-DARLING
AND
LACHLAN VALLEYS**

REPORT OF THE INDEPENDENT AUDIT GROUP

FEBRUARY 2000

BACKGROUND

The 1998/99 Review of Cap Implementation identified that diversions in the Lachlan and Barwon-Darling valleys exceeded the 1998/99 Cap targets and suggested that the diversions since July 1997 had exceeded the Cap targets by more than the trigger value specified in draft Schedule F.

The Independent Audit Group (IAG) recommended that within the spirit of the draft Schedule F, New South Wales should provide a report on the underlying reasons for excessive diversions on the Lachlan and Barwon-Darling including management actions proposed to bring diversions within Cap limits. New South Wales, as a first step, provided a detailed report to the IAG in January 2000 and this report and discussions with officers of the NSW Department of Land and Water Conservation provided the basis for a Supplementary Audit on 1 February 2000. This report is the outcome of that audit.

BARWON-DARLING VALLEY

Diversions in both 1997/98 and 1998/99 exceed annual Cap estimates (Table 1). The cumulative difference of 77 GL exceeds the figure of 20 percent of the long term Cap estimate (35 GL) which is used to identify a breach of the Cap under Schedule F.

Year	Observed Diversions GL	Cap Estimate GL	Cap Credit (Cap target less diversion) GL	20% of Long Term Cap Estimate (177 GL)
1997/98	180	128	-52	
1998/99	246	221	-25	
Cumulative total			-77	-35

Advice received by the IAG indicates that there has been substantial growth in on farm storage capacity and area planted (Table 2) compared with the Cap base year of 1993/94.

Year	On Farm Storage Capacity (GL)	Area Planted (ha)	Diversion (GL)
1993/94	162	19,275	n/a
1994/95	163	18,450	n/a
1995/96	n/a	25,670	222
1996/97	231	25,670	215
1997/98	237	23,795	180
1998/99	269	29,125	246

The diversions in 1998/99 at 246 GL were the highest recorded. Access to water is controlled by a combination of quotas and commence to pump levels associated with each license and the flow access rules associated with the North West Flows Policy. As part of the Water Reforms being implemented in NSW, a suite of Low Flow environmental rules were agreed upon by a community based River Management Committee (RMC). These raised the commence to pump levels for many licences. Modelling indicates that the modified rules will have some impact on access to supply in low to medium flow seasons. It will of course have no impact in high flow seasons. Modelling also indicates that these rules will not lead to an achievement of Cap compliance.

Conclusions and Recommendations

- i) 1997/98 and 1998/99 diversions and cumulative diversions are clearly in breach of the Cap.
- ii) Development in the Barwon-Darling has progressed well beyond 1993/94 levels of development.
- iii) It is recommended that NSW be requested, in line with the spirit of draft Schedule F, to report to the next Ministerial Council meeting on measures proposed to bring diversions in the Barwon-Darling within Cap limits.

LACHLAN VALLEY

The IAG 1998/99 report indicated that on the basis of information provided to it that cumulative diversions in 1997/98 and 1998/99 were in breach of the Cap.

NSW has provided information to the IAG that information previously provided was inaccurate. The revised information is summarised in Table 3.

Table 3: Lachlan (Preliminary) Schedule F Accounting				
[NB. 1998/99 data includes regulated diversions only; unregulated diversions not included]				
Year	Observed Diversions GL	Cap Estimate GL	Cap Credit (Cap target less diversion) GL	20% of Long Term Cap Estimate (268 GL)
1997/98	414	381	-33	
1998/99	282	318	+36	
Cumulative total			+3	-54

The single year and long term Cap estimates from the IQQM have been amended to include high security diversions and this resulted in increases in the Cap target in 1997/98 from 364 GL to 381 GL and the long term average from 254 GL to 268 GL.

In view of these changes there is no breach of the Cap. Inspection of planting area data and diversions in 1996/97 and 1997/98 indicate that there is a high risk of a breach of Cap if plantings increase to those in 1996/97 and 1997/98.

The other issues this incident raises is one of quality control and the need for Quality Management Systems. Schedule F requires each of the models to be peer reviewed to ensure it is of an acceptable quality. It would be timely for the Lachlan (and other NSW valleys) model to be submitted to the Murray-Darling Basin Commission for review and, subject to satisfactory review, registration.

Similarly a Quality Management System needs to be introduced for monitoring and reporting of data from diversions.

Conclusions and Recommendations

- i) The additional information provided by NSW indicates that the Lachlan Valley is not in breach of the Cap.
- ii) It is recommended that NSW submit the Lachlan Valley IQQM to the Murray-Darling Basin Commission for peer review and registration.

REFERENCES

Review of Cap Implementation 1998/99. Report of the Independent Audit Group, November 1999.