

Submission
No 97

INQUIRY INTO WATER AUGMENTATION

Organisation: NSW Business Chamber

Date received: 10 October 2016



06th October 2016

General Purpose Standing Committee No. 5
NSW Parliament
Parliament House
6 Macquarie Street
Sydney NSW 2000

Attention: Ms Tina Higgins, Director Parliamentary Services

Dear Ms Higgins

Inquiry into water supply for rural and regional New South Wales

I write to you concerning the inquiry into the augmentation of water supply for rural and regional New South Wales.

The NSW Business Chamber (the Chamber) is one of Australia's largest business support groups, with a direct membership of more than 19,000 businesses and providing services to over 30,000 businesses each year. The majority of our membership is drawn from the small to medium business community. Representation in rural and regional Australia is particularly strong.

In July-August 2016 the Chamber surveyed businesses in the Murray-Riverina region on their views about water management. The intention was to canvass the views of our membership in relation to the issues being dealt with by the Inquiry: in particular, the Murray-Darling Basin Plan and its impact on business.

While the date for formal submissions has passed, I request the Committee to consider the attached summary of our Survey results. Water supply has a significant economic impact on regional communities and it is essential that the views of local businesses are considered. I note the time for the Chamber's survey was extended so that our members had sufficient time to provide high quality responses.

Should the Committee seek any further detail on the views of our membership, a representative of the Chamber will also be available to attend the Inquiry Hearing in October.

Please do not hesitate to contact me on ben.foley@nswbc.com.au for any further information on the attached report or should there be an opportunity to provide evidence at the Inquiry hearing.

Thank you for the opportunity to contribute.

Yours sincerely

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Invigorating business

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Water Policy

Attitudes of business in Southern NSW

For consideration by the Inquiry into water supply for rural and regional New South Wales

About us

The NSW Business Chamber (the Chamber) is one of Australia's largest business support groups, with a direct membership of more than 19,000 businesses, providing services to over 30,000 businesses each year.

The Chamber works with businesses ranging in size from owner-operators to large corporations, and spanning all industry sectors from product-based manufacturers to service provider enterprises.

The majority of our membership is drawn from the small to medium business community. Representation in rural and regional Australia is particularly strong.

The Survey

The Murray Darling-Basin Plan guides governments, regional authorities and communities to manage and use the waters of the Murray-Darling Basin.

The effectiveness of the Plan is now being considered as part of the Legislative Council Inquiry into the Augmentation of Water Supply for Rural and Regional NSW.

In July – August 2016 the Chamber partnered with the Deniliquin Business Chamber, Coleambally Chamber of Commerce & Industry, Leeton Chamber of Commerce & Industry and the Griffith Business Chamber to survey local businesses in the region on their views about water management. The main focus was to gauge attitudes about the Murray-Darling Basin Plan and its impact (positive or negative) on local business.

Feedback from the Chamber's Water Survey (including this report) is provided to the Inquiry for consideration.

Participation

The survey was exclusive to businesses located in the townships of Deniliquin, Coleambally, Leeton & Griffith. A total of 94 businesses participated.

Key findings

Water, the way it is used and planning around water usage is clearly a key issue of concern for businesses in the region.

More than half of our respondents have a mid-level or deep understanding of Murray-Darling Basic Plan and sustainable diversion limits.

Businesses are concerned about the impact the Plan is having on their communities and businesses. A clear majority of respondents (71 percent) did not believe the Murray-Darling Basin Plan had equipped their community well enough to operate with less water.

Respondents reported that the water allocation changes have had significant impacts on their businesses:

- More than half reported a loss of confidence
- Nearly half reported that demand for their products and services had reduced
- More than a third reported that the changes had increased costs.

Nearly half of the respondents said their business needed more notice about water usage to support their forward planning.

Most (62%) advised that the Murray-Darling Basin Plan should give more consideration to the economic needs of the community. This compared with only 2% who felt environmental considerations needed greater priority.

Less than half (47%) of respondents were aware of the availability of Regional Economic Diversification grants. Most respondents who were aware of the grants (81 percent), however, said they had not applied for one.

Conclusion

It is clear from the results of the Survey that the implementation of the Murray-Darling Basin Plan has had a significant impact on business operations and confidence in the region.

While the NSW Government has instituted measures to counterbalance the effects of the Plan, these measures do not outweigh the detrimental economic impact of the reduced water usage requirements.

In a region dominated by high-water use sectors such as agriculture the economic needs of the community should be afforded priority.

Commentary from respondents (see panel right) indicates that a significant part of the problem is the difficulty of navigating the complex governance structures for the administration of water.

The measures that do exist, such as the Regional Economic Diversification grants, should be better publicised and businesses should be provided with adequate information about the criteria for applying.

The NSW Government announces the allocation of water for commercial use in July each year. The timing of these announcements and the notice given to businesses about water usage changes should also be reconsidered.

Detailed results from the Survey are attached for the Inquiry's consideration.

The Chamber would appreciate the opportunity to provide further evidence to the Inquiry, if needed.

What businesses are saying:

"The impact on the towns has been huge with lost jobs and less services. The irrigation company which supply water to our farm has had to put up their water costs because their revenue has gone down."

"Our whole community depends on the sensible and efficient management of water. It's not happening because there are way too many different government entities."

"If water is to be removed from productive economic use the opportunity for industry to adjust and adopt technology for more efficient use of the remaining water has to be provided."

"Time frames for the initial Murray-Darling plan buyback were far too short and didn't recognise the economic impacts and allow communities to adjust accordingly."

For more information contact:

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Attachment A – Detailed results

Question	All		Agriculture, Forestry and Fishing		Other industries		Agricultural Irrigation		Primary Water Uses	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
How well do you understand the Murray-Darling Basin Plan and the sustainable diversion limits?										
Not at all	7	8%	1	3%	6	11%	1	3%	6	10%
I have a basic understanding of its objective and activities	30	33%	6	17%	24	43%	6	19%	24	38%
I have a mid-level understanding of its objectives and activities	38	41%	19	53%	19	34%	16	52%	22	36%
I have a deep understanding of its objectives and activities	17	18%	10	28%	7	13%	8	26%	9	15%
Number of respondents	92		36		56		31		61	
Do you believe that your community is well equipped to make positive structural adjustments in relation to the plan and ultimately operating with less water?										
Yes	18	20%	5	14%	13	23%	5	16%	13	21%
No	65	71%	29	81%	36	64%	26	84%	38	64%
Don't know	9	10%	2	6%	7	13%	0	0%	9	15%
Number of respondents	92		36		56		31		61	
How have changes to the allocation of water affected your business?										
Increased costs	32	36%	20	56%	12	22%	21	68%	11	19%
Reduced investment	35	39%	18	50%	17	31%	16	52%	15	32%
Reduced demand for your product/service	42	47%	14	39%	28	52%	9	29%	33	56%
Reduced number of employees	30	33%	18	50%	12	22%	12	39%	18	31%
Loss of confidence	52	58%	24	67%	28	52%	21	68%	31	53%
Changed business model	21	23%	16	44%	5	9%	13	42%	8	14%
No effect	8	9%	2	6%	6	11%	3	10%	5	8%
Number of respondents	90		36		54		31		59	
Is your business given sufficient notice for the purposes of forward planning?										
My business requires more notice	44	48%	28	78%	16	29%	24	77%	20	33%
My business is given sufficient notice	15	16%	8	22%	7	13%	6	19%	9	15%
Water allocations do not affect our business planning	32	35%	0	0%	32	58%	1	3%	31	52%
Number of respondents	91		36		55		31		60	
The Murray-Darling Basin Plan is required to balance environmental, social and economic considerations when setting sustainable water usage levels. Which of the following statements do you agree with?										
More consideration must be given to the environmental needs	2	2%	0	0%	2	4%	0	0%	2	3%
More consideration must be given to the social needs	8	9%	5	14%	3	6%	4	13%	4	7%
More consideration must be given to the economic needs	56	62%	20	56%	36	67%	17	55%	39	66%
I think the balance between environmental, social and economic needs is correct	8	9%	1	3%	4	7%	0	0%	6	8%
I don't agree with any of these statements	11	12%	3	8%	5	9%	3	10%	5	8%
Other, (please specify)			7	19%	4	7%	7	23%	4	7%
Number of respondents	90		36		54		31		59	
Are you aware of the Regional Economic Diversification Program grants available to help communities and businesses adjust to less water under the Murray-Darling Basin Plan?										
Yes	42	47%	22	61%	20	37%	19	61%	23	39%
No	48	53%	14	39%	34	63%	12	39%	36	61%
Number of respondents	90		36		54		31		59	
If yes, did you apply for a Regional Economic Diversification grant?										
Yes	8	19%	3	14%	5	25%	2	11%	6	26%
No	34	81%	19	86%	15	75%	17	89%	17	74%
Number of respondents	42		22		20		19		23	