

**Submission
No 39**

INQUIRY INTO ASPECTS OF AGRICULTURE IN NSW

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Submission to the Legislative Council Standing Committee on State Development in its inquiry into aspects of Agriculture in NSW 5 September 2007

Thank you for the opportunity to appear before the Committee in Tamworth today.

Namoi Water is the peak representative group for irrigators in the Namoi Valley. We act as an umbrella organisation for regulated surface water, unregulated surface water and upper and lower Namoi groundwater groups. This area equates to the Namoi Catchment and gives us an effective voice in catchment issues as well as in discussions on policy and regulation with governments.

Economic worth of irrigated agriculture to the Namoi Catchment

There have been two significant studies into the economic input of irrigated agriculture into the Namoi valley economy. These were carried out by the Centre for Agricultural Economics: the first for the Namoi Valley Structural Adjustment programme, funded by the Commonwealth through DOTARS in 2002, and the second study last year for the Namoi CMA. I understand both these studies were forwarded to the committee by DPI. If this is not correct I will make the studies available to the committee.

Impediments to sustaining agriculture in NSW

The most significant impediment to investment and confidence in irrigated agriculture (aside from the obvious impact of the current drought) is the perpetual planning roller coaster that farmers are subjected to.

We have been subject to highly politicised planning processes with obvious political intervention at the behest of the greens being a feature of our statutory planning process. Our Water Sharing Plans were an exhausting and emotionally draining process for all involved, and these plans, when they had reached approval in the valleys, went to the minister, who then promptly rejected the plans and formed what is called 'the minister's plan'. The minister's plan overturned key features and introduced some environmentally blind processes, such as end of system flows, to appease centralised green groups prior to an election. Vegetation plans and the Brigalow Bioregion plan all feature similar interference in planning processes.

If we were building houses and not growing crops, the corollary would be that each month the zoning rules and OH&S rules would change and we would spend more time discussing why we needed these rules to be workable and not changed regularly to allow confidence in investment than time spent actually building houses.

The National Water Plan has featured attempts by the Commonwealth to ignore its involvement and approval in the development of Water Sharing Plans, Catchment

Action Plans and Sustainable Groundwater Use Plans and proposed a completely new set of targets.

NSW has held the line against the statutory plans being opened up without Commonwealth liability for change due to so-called 'new information'. The Commonwealth is unwilling to acknowledge its significant involvement in processes signed off as recently as last year, and is unable to explain where the 'new information' fits with last year's version of sustainability.

Initiatives to address impediments to sustaining and growing agriculture

As a valley we have accepted significant cuts to water entitlement and we are pursuing *efficiency gains* as one means of sustaining and growing our production. The committee will view some of these measures and receive a briefing first hand tomorrow at Narrabri in an on farm tour and visit to the Narrabri Cotton Research Centre.

New crops and value adding

Namoi Water points to the Victorian model of regional development where the Regional Infrastructure Development Fund and associated oversight processes allow significant investment to facilitate the development of regional infrastructure that facilitate production as well as the actual development of new manufacturing facilities and opportunities. We ask that the State Development Committee consider recommending that the Regional Development portfolio have a separate director general from the State Development portfolio, and a dedicated capital investment budget similar to the Victorian model.

In addition, we would like the renewed Regional Development portfolio to chair a regional infrastructure business development task force with representation from local government and relevant industry groups along with planning and other agencies.

We feel, in a policy sense, this is the most effective way of pursuing the development of hard bricks and mortar projects relating to biofuel production and investigation into the development of alternative fibre industries such as industrial hemp. Both these industries feature regional based production and value adding processes.

~~PROCESSED BY THE SECRETARY~~
Tendered to
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Regional Infrastructure Development Fund Guidelines

General Information

The objective of the Regional Infrastructure Development Fund (RIDF) is to improve the competitive capacity of regional Victoria and enhance economic development through investment, job creation and the promotion of export opportunities.

The RIDF was established by the *Regional Infrastructure Development Fund Act 1999* (the "Act") as a Trust Fund in the Public Account. This arrangement is considered by the Government to be clear, transparent and accountable and shows the sincerity of its commitment to using funding available for the purposes for which it was intended.

The RIDF provides support for capital works in regional communities to:

- support new industry development
- link transport infrastructure
- improve tourism facilities
- better link regional Victoria to new opportunities in education and Information and Communication Technologies (ICT) infrastructure.

Applications are considered against published evaluation criteria. Project proposals will need to demonstrate the applicant's ability to meet a significant number of the following criteria:

- Economic
- Socio-economic
- State and Regional Priority
- Project Feasibility and Delivery
- Victorian Industry Participation Policy (VIPPP)
- Financial.

Priority Initiatives

In implementing the RIDF, the Government has also identified a number of priority initiatives to be considered through the Fund. These current priority initiatives relate to:

- Arts and Cultural Facilities Infrastructure
- Aviation Infrastructure
- Biofuels Infrastructure
- Dairy Farm Gate Infrastructure
- Intermodal Freight Infrastructure
- Local Ports Infrastructure
- Local Roads to Markets Infrastructure
- On Farm Energy Infrastructure
- Pathways Infrastructure
- Rural Showgrounds Infrastructure
- Small Towns Development Infrastructure
- Stock Over/Underpassess Road Infrastructure
- Water for Industry Infrastructure

Further information on these priority initiatives is available via a RIDF Priority Initiatives Fact Sheet.

Inter-Departmental Committee

Applications are considered by an Inter-departmental Committee who is responsible for making an appropriate recommendation to relevant Ministers.

Guidelines

What projects are eligible?

Projects of a capital nature, irrespective of size which meet the specified eligibility criteria and which add to the economic / socio-economic asset base of a region, municipality or local area.

Examples of capital works, whether partly privately or publicly funded may include the following:

- Industry development including physical works to facilitate economic development.
- Transport improvements including roads, rail, ports or airports of strategic regional significance.
- Tourism related capital works for new and improved facilities.
- Strategic education and ICT infrastructure.

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What projects are not eligible?

- Requests for retrospective funding, where projects have been completed or have commenced construction prior to receiving funding approval
- Ongoing operating costs or salary subsidies
- Projects requiring ongoing funding from State Government once completed
- Projects undertaken by the private sector as a result of Government contractual arrangements
- Projects requiring full funding where funding is normally provided from state, commonwealth and/or local Government sources
- Feasibility studies, business plans, cost benefit analyses and economic impact studies.

What are the eligibility criteria for projects?

Submissions need to demonstrate the applicant's ability to meet a **significant** number of the following criteria:

- Economic
- Socio-economic
- State and Regional priority
- Project feasibility and delivery
- Victorian Industry Participation Policy (VIPP)
- Financial

(a) Economic

You should demonstrate clearly how the proposed project will address each of the following:

- Attracts investment and complements other investments in your region.
- Creates jobs and stimulates regional economic growth.
- May facilitate the integration of your region into global markets, including opportunities for export or import replacement.

(b) Socio-economic

You should demonstrate clearly how the proposed project will address each of the following:

- Enjoys relevant community and industry support.
- Is consistent with environmentally sustainable development.
- Builds on identified key regional strengths.
- Provides an adequate social return to the community.

(c) State and Regional Priority

You should demonstrate how the proposed project is consistent with:

- Objectives and key outputs of local or regional economic development strategies.
- The Government's stated policy commitments to provincial Victoria.

(d) Project Feasibility and Delivery

You should clearly demonstrate:

- That all legal, land tenure, planning and environmental issues have been identified and resolved (or satisfactory resolution strategies are in place).
- Access to project management experience in both the developmental and operational phases of the project.
- That project risks have been identified and strategies are in place to manage them.

(e) Victorian Industry Participation Policy (VIPP)

Applicants applying for a grant greater than **\$1 million** are required to complete a Victorian Industry Participation Policy (VIPP) statement. This statement includes three reporting requirements: the level of local content; the number of new jobs created; and possible skills and technology transfer

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generated by the project. A standard clause will be contained within the legal agreement requiring grant recipients to meet the level of local content, as outlined in the VIPP statement.

(f) Financial

Projects should maximise funding support from a range of sources, including commonwealth and local government, community, private sector and regional organisations.

You must be able to demonstrate that the viability of the project is not dependent on ongoing funding or continuing government support.

Where future operating costs are an issue, the applicant needs to clearly demonstrate how those costs will be underwritten without recurrent subsidy from State Government sources.

All project costs included in the application must be exclusive of GST. The grant to be paid by the Department of Innovation, Industry and Regional Development will be "grossed up" by the amount of GST, provided the applicant provides details of registration for the GST, or proof of exemption from being required to register.

Competitive Neutrality

All successful applications to the RIDF from a Government body, including local governments, government departments and government business enterprises, will be required to comply with the Competitive Neutrality Policy Victoria, in respect of any commercial goods or services offered by the body as a result of the grant.

Who can apply?

Applications will be considered from councils, State Government, regional infrastructure providers, regional organisations, business groups, educational institutions and the private sector located in regional Victoria (see below for definition of "Regional Victoria").

All applications other than those from Budget Sector Government Agencies will require formal support

from the councils impacted by the project in regional Victoria. Preference may be given to councils that group together to develop a funding proposal.

How is 'regional Victoria' defined?

Regional Victoria is defined as the area within the municipal districts of the following councils established under the Local Government Act 1989

Alpine Shire Council
Ararat Rural City Council
Ballarat City Council
Bass Coast Shire Council
Baw Baw Shire Council
Benalla Rural City Council
Buloke Shire Council
Campaspe Shire Council
Central Goldfields Shire Council
Colac-Otway Shire Council
Corangamite Shire Council
East Gippsland Shire Council
Gannawarra Shire Council
Glenelg Shire Council
Golden Plains Shire Council
Greater Bendigo City Council
Greater Geelong City Council
Greater Shepparton City Council
Hepburn Shire Council
Hindmarsh Shire Council
Horsham Rural City Council
Indigo Shire Council
Latrobe City Council
Loddon Shire Council
Macedon Ranges Shire Council
Mansfield Shire Council

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Mildura Rural City Council
Mitchell Shire Council
Moirā Shire Council
Moorabool Shire Council
Mount Alexander Shire Council
Moyne Shire Council
Murrindindi Shire Council
Northern Grampians Shire Council
Pyrenees Shire Council
Borough of Queenscliffe
South Gippsland Shire Council
Southern Grampians Shire Council
Strathbogie Shire Council
Surf Coast Shire Council
Swan Hill Rural City Council
Towong Shire Council
Wangaratta Rural City Council
Warmambool city Council
Wellington Shire Council
West Wimmera Shire Council
Wodonga Rural City Council
Yarriambiack Shire Council

- Provide broad public benefit
- Are sustainable – financially, environmentally and socially in the long term
- Demonstrate financial viability and a strong case for funding
- Are a State or Regional Priority
- Maximise funding support from a range of sources
- Are ready to be implemented.

Lower Priority Project Proposals

- Can be implemented through another Government funding program
- Do not relate to the key areas of focus of the RIDF
- Do not have a demonstrable social and economic benefit
- Are not environmentally sustainable
- Are not ready for implementation
- Are not a state or regional priority
- Do not maximise funding support from other sources.

Regional Victoria also includes the Alpine Resorts area, which is not included in any municipal district.

Application Prioritisation

Applications that are eligible for funding under RIDF guidelines and that meet the eligibility criteria, are initially allocated higher or lower priorities on the following basis:

Higher Priority Project Proposals

- Rate highly in terms of demonstrable project benefits related to new employment, investment and exports (or import replacement)

It should be noted that these criteria are employed in the initial prioritisation process, with further detailed evaluation and assessment of priority project proposals following.

Where appropriate, project applications may be referred to an alternative funding program.

Inter-Departmental Committee

The Regional Infrastructure Development Fund Inter-departmental Committee (RIDC) is responsible for making an appropriate recommendation to the Minister for State and Regional Development regarding all project

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applications. In the case of or projects seeking funding of \$2 million or more, applications supported by the RIDC will also be forwarded to the Minister for Finance, for authorisation of the Minister for State and Regional Development's approval.

The RIDC is chaired by Regional Development Victoria and includes representatives from the Department of Premier and Cabinet and the Department of Infrastructure. The Department of Treasury and Finance also are represented when projects seeking funding of \$2 million or more are considered.

Where relevant, comments and advice will be sought from a range of state Government departments and agencies.

Conditions

Successful applicants will be required to enter into a funding agreement detailing all funding obligations and conditions, including special conditions depending on the nature of the funded project.

If funds are to be provided to a non-Government organisation the financial viability of that organisation and its ability to manage and complete the project must be demonstrated.

A completion report, including an independently prepared Audit Certificate detailing the total cost of the project, must be submitted to Regional Development Victoria on completion of the project.

Projects must commence within one year of the offer of the grant. If a project does not commence within this first year, the grant will be reviewed.

Evaluation

After completion of the project, applicants must submit annual evaluation reports assessing the success of the Project in meeting its stated objectives.

Annual evaluation reports may be required for up to three years following completion of the funded project.

Successfully funded projects may be required to contribute information on project outcomes for use in RDV evaluation reviews and/or for marketing collateral.

Regional Infrastructure Development Fund
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For information in regard to this program and your nearest office, contact the Victorian Business Line on 13 22 15.