

25 January 2005



Senator Michael Forshaw
Chair
Finance and Public Administration References Committee
Parliament House
CANBERRA ACT 2600

Dear Senator

The New England North West ACC (Incorporated) hereby includes documents and information for consideration by the Finance and Public Administration References Committee for the Inquiry into the Regional Partnerships Program and Sustainable Regions Program.

This submission includes information relating to the administration of the Regional Partnerships Program and the Namoi Valley Structural Adjustment Package through the New England North West ACC in the New England North West region of NSW.

It is the hope that this information will provide the Committee with references, documents and processes by which projects are proposed, considered and endorsed by the staff and Board members of the New England North West ACC.

This submission includes;

1. An Executive Summary
2. Response to the processes and procedures developed and implemented by the New England North West ACC to endorse/recommend or not to endorse/recommend projects for funding to the Department of Transport and Regional Services and ultimately the Minister.
3. Response to the processes and procedures developed and implemented by the New England North West ACC to record and communicate recommendations of the ACC.
4. Response to the nature and extent of the representative roles of the administering department, minister or parliamentary secretary, other ministers and parliamentary secretaries, other senators or members and their advisors and staff in the process of selection of successful applications.

5. Response to the transparency and accountability of the process and outcomes of the New England North West ACC (Incorporated).

This information is intended to inform the Committee's processes. If you require any additional information please do not hesitate to contact our Executive Officer, Rebel Thomson on (02) 67664866 or myself on (0428) 120006.

Yours sincerely



Kevin Humphries
CHAIR
New England North West Area Consultative Committee Incorporated

1. EXECUTIVE SUMMARY

In July 2003 the New England North West ACC entered into a funding contract with the Australian Government Department of Transport and Regional Services, to the primary link between Government, business and community.

Specifically the New England North West ACC was tasked to promote, coordinate and develop applications under the Regional Partnerships Programme and the Namoi Valley Structural Adjustment Package.

In 2003-2004 financial year the New England North West ACC was also contracted to the Australian Government Department of Industry Tourism and Resources to deliver referral and advisory services to small business and the Department of Employment and Workplace Relations for Indigenous community development opportunities.

Since the introduction of Regional Partnerships the New England North West ACC has developed and submitted 23 applications across 10 Local Government Areas, 1 project of regional significance and project significant for NSW. Of these 23 applications; 11 have been approved, 3 not approved and 9 currently under assessment.

Of the 10 applications approved (not including the Australian Equine and Livestock Centre project), 12.4 jobs have been created, a total project investment of \$4.3million leveraged including \$1.2million from the Regional Partnerships Programme. Project proponents, NSW and other Australian Government, Local Government and private enterprise have provided \$2.5million in cash contributions and over \$650,000 in-kind.

The New England North West ACC has an endorsed Operations Manual including National and local policies and procedures outlining the handling, development and processing of applications.

From the introduction of the Regional Partnerships Program the New England North West ACC understood its responsibilities to provide the Australian Government with local knowledge about local and regional priorities in recommending projects, develop and maintain partnerships and partnership contributions to projects being recommended.

2. The processes and procedures developed and implemented by the New England North West ACC Incorporated) to endorse/recommend or not to endorse/recommend projects for funding to the Department of Transport and Regional Services and ultimately the Minister.

ATTACHMENTS:

New England North West ACC Operations Manual

The processes and procedures developed and implemented by the New England North West ACC have evolved with an understanding of projects and Regional Partnerships. The processes and procedures have been adopted by the Board and are included in the Operations Manual.

BOARD MEETING AND MEMBER FUNCTIONS:

In August 2003, the Board of New England North West ACC introduced a document designed to assist the Board and staff to determine if an application was appropriate for funding under Regional Partnerships, determining eligibility and feasibility.

The Board when considering the appropriateness of applications for funding under Regional Partnerships used this tool to determine eligibility. The main areas the Board was asked to consider when reviewing applications and endorsing projects for funding were;

1. REGIONAL DEVELOPMENT

To what extent will the project contribute to or impact on economic development locally, regionally and nationally. Will the project support existing industry or develop new? How many LGAs will benefit from the development of this project? Are there any significant flow-on affects to developing this industry? Does this project encourage diversification in industry? Who is the local business groups involved in the project?

2. EMPLOYMENT

How many jobs will be created directly from this project? Consider the direct, indirect and construction jobs the project will create. How many jobs will be created compared to the investment required i.e. would the investment be value for money?

3. SUSTAINABILITY & VIABILITY

Is the business case for the development of this project sound? Will the project be sustainable after Government funding? Does the contribution by the proponent reflect the importance/opportunities for this project? Does the project directly compete with existing business locally or regionally?

4. SOCIAL CONSIDERATIONS

What are the social considerations in developing this project? Will this project contribute to skills development in the region? To what extent is the community involved in this project?

5. NEW ENGLAND NORTH WEST ACC CONSIDERATIONS

Is the project consistent with the New England North West ACC SRP and Business Plan? Does this project reflect best practice?

6. APPLICANT/PROPONENT

Does the applicant(s)/proponent(s) possess or have access to the necessary skills to develop this project? Are the proponent's expectations realistic? Has the proponent completed other projects successfully?

7. VALUE FOR MONEY

Value for money is the over arching criteria for funding under Regional Partnerships. Consider what is the total percentage of the project being requested from Regional Partnerships, contributed by the proponent, contributed by Local Government or State Government partners are there any linkages to private enterprise?

When assessing projects the Sub-Committee should consider the following mandatory requirements of the regional package;

- X Retrospective funding will not be permitted
- X State Government agencies are not eligible to apply for Regional Partnerships
- ✓ Projects should not be inconsistent with Australian Government policy, objectives or laws
- ✓ Projects must comply with relevant planning and environment laws

In September 2003, the New England North West ACC introduced a new organisational structure and representation, to ensure communities across the New England North West were being serviced by staff and Board members. The new structure recognised the region included three distinct sub-regions and included specific Sub-Committees, tasked to review and comment on local priorities and projects.

Central NENW	Tamworth, Gunnedah and Liverpool Plains Local Government Areas
New England	Tenterfield, Glen Severn, Guyra, Armidale Dumaresq, Uralla and Walcha Local Government Areas
North West	Narrabri, Moree, Inverell and Gwydir Local Government Areas

The structure has developed the relationships between staff, Board members and communities, improved local knowledge and representation on projects and activities, and ensured local and regional representation.

In December 2003 the Board the New England North West ACC accepted processes and procedures deemed to further refine these processes for developing and endorsing applications.

The role of the New England North West ACC is to comment and prioritise applications to the Australian Government and ultimately the Minister. These definitions generally defined the 'priority ratings' given to projects by the Board.

A priority rating of 1 means; 'Not Recommended'	An application does not address any of the criteria for Regional Partnerships and has not been reviewed by the ACC. An application considered a priority 1, would rarely be presented and prepared for the Boards for consideration.
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A priority rating of 2 means; <i>'Recommended and Low Priority'</i>	The project would have no involvement of the ACC, and not address any of the regional strategies (SRP). It is possible for an application with a 2 to be referred to the ACC Project Officer for further work with the proponent.
A priority rating of 3 means; <i>'Recommended and Medium Priority'</i>	The application demonstrates 2 of the 3 programme outcomes; economic, environmental and social. Includes 2 other partners; private enterprise, Local Government, State Government and Regional Partnerships, and that the project and applicant viability and capacity to deliver are demonstrated and sound.
A priority rating of 4 means; <i>'Recommended and High Priority'</i>	The application demonstrates all of the outcomes; economic, environmental and social. Includes at least 3 partners ; private enterprise, Local Government, State Government and Regional Partnerships and the project and applicant viability and capacity to deliver are demonstrated and sound.

In May 2004 the New England North West ACC again refined its processes and procedures for developing applications. Categories and activities were developed relative to the funding request, ensuring processes were accountable and transparent.

PROPOSAL - LEVEL 1 (LOW RISK) REGIONAL PARTNERSHIPS APPLICATIONS
FOR LESS THAN \$50,000

Project Officer will provide to the Sub-Committee;

1. Full copy of the Regional Partnerships application
2. The Project Officer will provide and speak to a summary sheet of the project and explain how the project addresses the activities of the NENWACC Business Plan, the SRP and the Program criteria
3. The Project Officer will provide a recommendation and priority rating to the Sub-Committee for consideration
4. Sub-Committee will discuss and endorse or reject the project officer's recommendation.
5. The Sub-Committee may or may not meet with the proponent to discuss the details of the application.
6. Recommendation of the Sub-Committee will be taken forward to the full Board of the NENWACC.

The Project Officer will provide to the full Board of the NENWACC;

1. Full copy of the Regional Partnerships application including the summary sheet and the endorsed priority of the relevant sub-Committee.
2. Project Officer presents a summary of the project and the reasons for the priority rating and level of endorsement.
3. Board may or may not discuss the details of the project with the Sub-Committee and Project Officer.
4. The full Board of the NENWACC agrees/rejects the recommendation of the Sub-Committee.

PROPOSAL - LEVEL 2 (MEDIUM RISK) REGIONAL PARTNERSHIPS
APPLICATIONS <\$50,001 > \$150,000

The Project Officer will review the documents and prepare comments on the application and the business plan relevant to the project.

Project Officer will provide to the Sub-Committee;

1. Full copy of the Regional Partnerships application
2. The Project Officer will provide and speak to a summary sheet of the project and explain how the project addresses the activities of the NENWACC Business Plan, the SRP and the Program criteria
3. The Project Officer will provide a recommendation and priority rating to the Sub-Committee for consideration
4. Sub-Committee will discuss and endorse or reject the project officer's recommendation.
5. The Sub-Committee may or may not meet with the proponent to discuss the details of the application.
6. Recommendation of the Sub-Committee will be taken forward to the full Board of the NENWACC.

The Project Officer will provide to the full Board of the NENWACC;

1. Full copy of the Regional Partnerships application including the summary sheet and the endorsed priority of the relevant sub-Committee.
2. Project Officer presents a summary of the project and the reasons for the priority rating and level of endorsement.
3. Board may or may not discuss the details of the project with the Sub-Committee and Project Officer.
4. The full Board of the NENWACC agrees/rejects the recommendation of the Sub-Committee.

PROPOSAL - LEVEL 3 (HIGH RISK) REGIONAL PARTNERSHIPS
APPLICATIONS \$150,001 and above

The Project Officer will obtain copies of the project Business Plan and the last year's income tax assessment. This information will be used to assess the financial viability of the project and the proponent.

Project Officer will provide to the Sub-Committee;

1. Full copy of the Regional Partnerships application including business plan and or feasibility study.
2. The Project Officer will provide and speak to a summary sheet of the project and explain how the project addresses the activities of the NENWACC Business Plan, the SRP and the Program criteria.
3. The Sub-Committee must meet and discuss the project with the proponent.
4. Provide comment on the viability of the proponent and the project.
5. The Project Officer will provide a recommendation and priority rating to the Sub-Committee for consideration
6. Sub-Committee will discuss and endorse or reject the project officer's recommendation.

7. The Sub-Committee may or may not meet with the proponent to discuss the details of the application.
8. Recommendation of the Sub-Committee will be taken forward to the full Board of the NENWACC.

The Project Officer will provide to the full Board of the NENWACC;

1. Full copy of the Regional Partnerships application including the summary sheet and the endorsed priority of the relevant sub-Committee.
2. Project Officer presents a summary of the project and the reasons for the priority rating and level of endorsement.
3. Board may or may not discuss the details of the project with the Sub-Committee and Project Officer. The Board may request a meeting with the proponent.
4. The full Board of the NENWACC agrees/rejects the recommendation of the Sub-Committee.

An example of assessment information provided to the Board is included and following this page.

This form includes 'Comments' (8), and the New England North West ACC understands this information is included in assessment documents prepared for the Minister.

NEW ENGLAND NORTH WEST ACC
ASSESSMENT OF REGIONAL PARTNERSHIP PROJECT APPLICATION

NAME OF PROJECT:	<NAME OF PROPONENT>	<LOCATION>
	TOTAL PROJECT	\$<AMOUNT>
	RP REQUEST	\$<AMOUNT>

<DESCRIPTION>

1. IS THE PROJECT PROPOSAL CONSISTENT WITH THE ACC'S STRATEGIC REGIONAL PLAN? High/Medium/Low

Comments:

<EXTRACT OF STRATEGIC REGIONAL PLAN INCLUDING THE AREAS THE PROJECT ADDRESSES>

2. OUTCOMES

How does the ACC consider the application would deliver against this criterion (refer to programme guidelines)? High/Medium/Low

- 2.1 Provides benefits to the community, meeting a demonstrated need or community demand, filling a market gap and adding value to existing resources, products or business.

<Comment>

- 2.2 Creates or enhances opportunities in the community, establishing a new, diversified or expanded business, new economic/employment opportunities (job creation), provides infrastructure, enhanced community involvement, delivering diversification/skills or population, increasing innovation.

<Comment>

3. PARTNERSHIPS AND SUPPORT

How does the ACC consider the application would deliver against this criterion (refer to programme guidelines)? High/Medium/Low

- 3.1 Proponent/Private Sector
<Amount>

- 3.2 Local Government Involvement
<Amount>

- 3.3 Other NSW Government Involvement
<Amount>

4. APPLICANT VIABILITY

How does the ACC consider the application would deliver against this criterion (refer to programme guidelines)? High/Medium/Low

4.1 Ability or access to expertise to manage the project during and after funding

<Comment>

4.2 Project sustainability beyond the funding period

<Comment>

4.3 Ongoing benefits to the community

<Comment>

5. PROJECT VIABILITY

How does the ACC consider the application would deliver against this criterion (refer to programme guidelines)? High/Medium/Low

5.1 Project sustainability beyond the funding period

<Comment>

5.2 Ownership

<Comment>

5.3 Ongoing benefits to the community

<Comment>

6. DUPLICATION

Is the ACC aware of any other entity or community group seeking funds for this or a similar initiative? Yes/No

7. COMPETITIVE NEUTRALITY ISSUES

Is the ACC aware of any competitive neutrality issues relating to the proposed project? Yes/No

8. COMMENTS

<Comment>

9. OVERALL RECOMMENDATION

1	Not Recommended (Obvious)		2	Recommended and Low Priority No involvement of the NENWACC and no contribution to the SRP	
3	Recommended and medium priority Outcomes: (2) economic, social and environmental Partnerships: (2) proponent, private enterprise, LGA, State & Us Project & Applicant Viability: on-going viability		4	Recommended and High Priority Outcomes: (All) economic, social and environmental Partnerships: (3) proponent, private enterprise, LGA, State & Us Project & Applicant Viability: on-going viability	
OUTCOMES (social, economic & environmental)		PARTNERSHIPS & SUPPORT		PROJECT & APPLICANT VIABILITY	RECOMMENDATION
<Insert Summary>		<Insert Summary>		<Insert Summary>	<Insert Priority Rating>

PROJECT OFFICER FUNCTIONS:

The below outlines the general process/steps in developing applications or assistance provided to clients.

1. Applicant contacts the New England North West ACC by telephone, email or on website regarding a project that maybe eligible for Regional Partnerships.
2. The New England North West ACC forwards (or it can be downloaded from the internet) the Self-Eligibility Check List. The Check List will require the proponent to complete certain details that will determine if they are eligible for the package or ineligible.
3. If the Check List indicates the proponent could be eligible the proponent is asked to complete the Expression of Interest following the Check List.
4. If the proponent is ineligible they are asked to fax or email the eligibility for the New England North West ACC to research other funding sources that may be applicable.
5. The project sub-committee for each area will review the Expressions of Interest each month or as required. Project Sub-Committee will complete the comments page for the Expression of Interest and endorse or reject the Expression of Interest. If endorsed the proponent will go to a full application for Regional Partnerships.
6. Completed full applications will be assessed by the New England North West ACC Board at its bi-monthly meetings.
7. Full applications must be endorsed prior to being submitted through TRAX.

In some cases it is evident the project is eligible for funding under Regional Partnerships and an applicant may be advised to develop a full application without completing the Check List or the Expression of Interest.

The New England North West ACC fosters a positive relationship with clients; this enables the officers to develop a detailed understanding of the project and funding being sought from Regional Partnerships or other programmes. Project Officers are always mindful information being provided by clients is confidential.

This information is a guide to Project Officers; when providing advice to clients Project Officers should remember;

- Always provide honest advice to the client/proponent
- Be mindful not to inflate or deflate the client/proponents expectations about funding through Regional Partnerships or any other program
- Provide advice that does not compromise the ability of the ACC to deliver on their ACC operational funding contract including their core business under Regional Partnerships

- Document and detail discussions on clients and maintain project files

On occasion there may be the need for Project Officers to assist projects after funding is successful. This will be determined by DOTARS and the regional office.

The role of the Project Officer may also include;

- Conducting workshops to assist proponents to identify solutions and opportunities
- Assist proponents to engage in conversations for project support
- Assist proponents to obtain support from project partners

In determining the clients eligibility to apply for Regional Partnerships the Project Officer may refer or advise the client to apply for Local, State or other Australian Government funding sources to ensure the project is accessing all avenues for assistance and Governments are gaining value for investing in regional development by drawing on all applicable resources.

NAMOI VALLEY STRUCTURAL ADJUSTMENT PACKAGE:

The coordination of activities for the Namoi Valley Structural Adjustment Package included; the resources of a project officer, the appointment of a sub-Committee and the role of the Board of the New England North West ACC.

NAMOI VALLEY STRUCTURAL ADJUSTMENT PACKAGE:

The Namoi Valley Sub-Committee was responsible for endorsing applications for funding to the Board of the New England North West ACC. The Board of the New England North West ACC reviewed endorsed applications from the Namoi Valley Sub-Committee.

Unlike the Board of the New England North West ACC, the Sub-Committee for the Namoi Valley Structural Adjustment Package reviewed all Expressions of Interest and applications for funding under the programme. The Project Officer was required to complete an assessment sheet for each Expression of Interest. From which the Sub-Committee would undertake deliberations and make decisions.

On the 25 March 2003 the Sub-Committee endorsed procedures for project assessment.

This document was an in-house document and not released publicly. It was the usual process for the committee to be subjective when using the criteria and that projects did not necessarily have to score well against all criteria to be successful for funding.

Projects had to meet the following mandatory requirements and were assessed competitively on their merits against the assessment criteria.

Mandatory Requirements

1. Retrospective funding will not be permitted for any projects.
2. The project should not be inconsistent with other Federal Government policy objectives and relevant law.
3. Proposals must comply with relevant planning and environment laws.

Assessment Criteria

1. The extent to which the project will promote future growth in the region and/or support existing economic activity.

Will the project promote future regional growth?

Will the project have a significant impact across the region?

How many LGAs will it impact?

Will the project have flow-on benefits/multiplier effects on other businesses, organisations and individuals in the region?

Is the project consistent with the region's strategic plans or visions for the future?

2. The ability of the proposal to generate new and sustainable forms of economic activity in the region.

Will the project expand the range of industries in the region?

Will the project's benefits (economic, social and environment) be sustainable beyond the funding period?

Will the project be sustainable and viable beyond the funding period?

Will the project lead to diversification of skills and or demographics?

Will the project be innovative, best practice or involve new technologies?

Will the project involve a smarter use of existing natural resources?

3. The extent of employment generated or retained.

How many new jobs will the project create - direct, indirect and construction?

How long will the new jobs continue?

How many jobs will be created per \$10,000 grant?

4. The provision of sufficient funds and other involvement by the applicant.

What is the percentage financial contribution to the project by the applicant?

What other in-kind or unpaid support will be provided by the applicant?

5. The level of financial and in-kind support from other sources, such as the private sector and other spheres of government.

Will there be cash contributions, in-kind or volunteer support for this project from the private sector, other Commonwealth, State and Local Government agencies?

What is the percentage financial contribution to the project by the other sources?

Is there evidence of support (including letters of support) from the above?

Is funding better sourced from other government programmes -Federal, State and Local eg is there evidence of "cost-shifting"?

6. The level of local support for the proposal.

Will there be cash contributions, in-kind or volunteer support for this project from the community?

What is the percentage financial contribution to the project by the local community?

Is there evidence of support (including letters of support) from the local community, ACC, Local Government, Chambers of Commerce, professional and community organisations, political representatives?

Were local people represented on committees or working groups for the project?

Will the project link to community strategies and initiatives?

Was there any community or industry consultation on the project?

7. The project does not adversely impact on existing businesses.

Will the project compete directly with existing businesses?

Is there an unsatisfied demand for the product or service?

Will the product or service be provided in a new way?

8. Demonstrated capacity of applicant to manage the project.

Has the applicant the ability or access to expertise to manage the project both during and after funding?

Has the applicant provided a Business Plan, a projected cash flow for the first 5 years and an investment analysis, including rates of return, liquidity and debt analysis for the project?

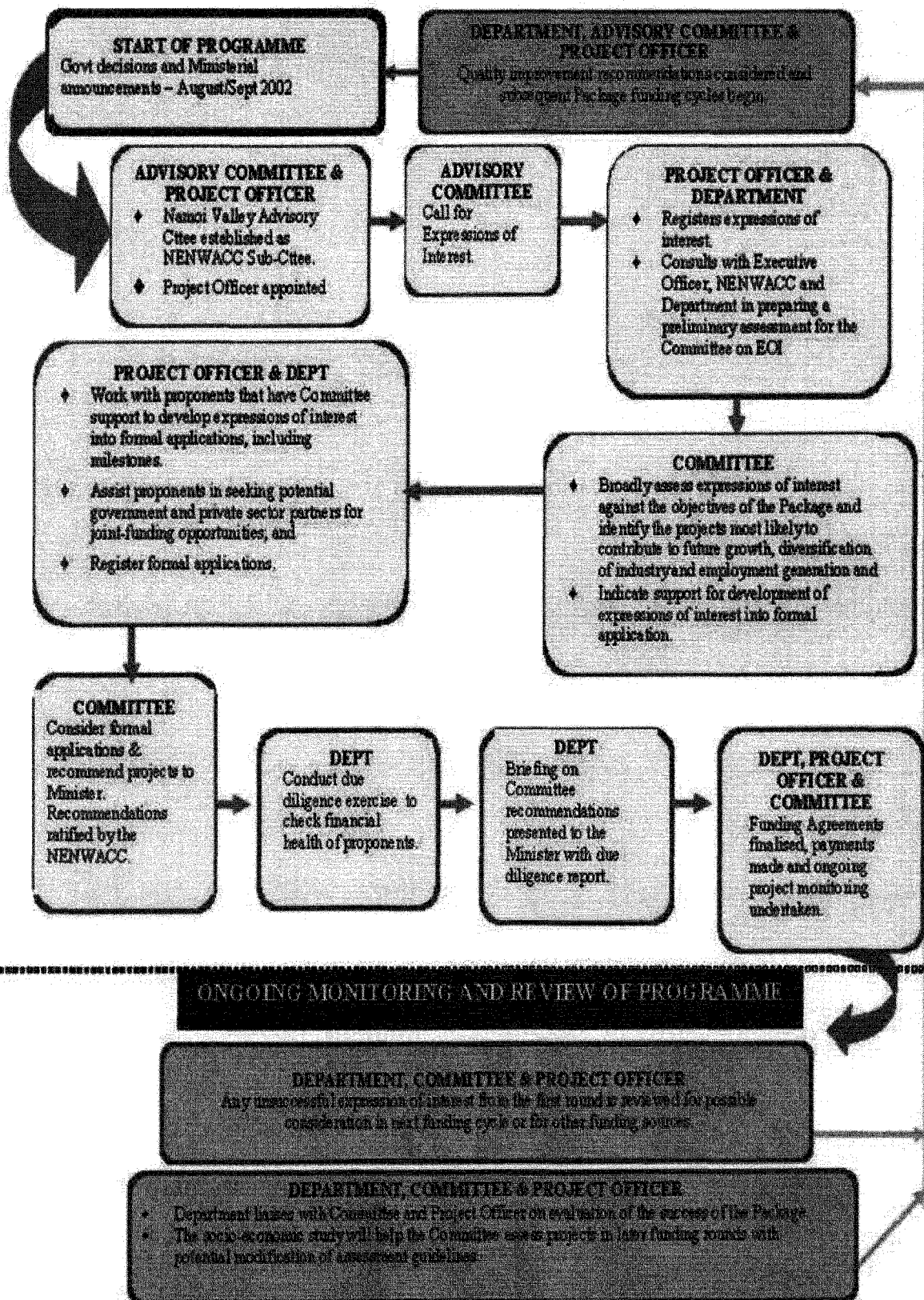
Has the applicant provided a Business Plan or financial statements, such as balance sheet, profit and loss statement, for the organisation?

What other similar projects has the applicant managed?

Has the applicant provided referees to verify the capability and experience of the applicant?

The following flow chart depicts the cycle of a project under the Namoi Valley Structural Adjustment Package.

NAMOI VALLEY STRUCTURAL ADJUSTMENT PACKAGE TYPICAL PROJECT FUNDING PROCESS



NAMOI VALLEY STRUCTURAL ADJUSTMENT PACKAGE
E O I PRELIMINARY ASSESSMENT

E O I Number: 07-03-(1) 0001

Project Proponent:

Project Title:

Funding Required:

2003-2004

Clusters	Supply Chains	Knowledge Based	High Growth	Regional Linkages

Sector:

Business Development	Manufacturing & Services	Primary Industry	Infrastructure	Tourism & hospitality	Environment	Education & technology	Community & social services

Ranking:

Criteria	High	Medium	Low	Not demonstrated	Sub Committee Comments
Future Growth of region					
Diversification of Industry					
Employment Generation					
Sustainability of project					
Funding from own sources					
Funding from other sources					
Level of regional support					
Capacity of proponent					
<i>Overall Ranking</i>					

Project Officer's comments:

As part of the process of developing applications for the Namoi Valley Structural Adjustment Package a Socio Economic Study into the impacts of introducing the Water Sharing Plan.

The recommendations of the study were;

It is recommended that the Namoi Valley Advisory Committee adopt the following principles as a basis for proactively seeking adjustment proposals:

- Maintaining the competitiveness of existing natural-resource based businesses and their dependent local services industries, by facilitating the adjustment of business and future development plans to the provisions of the WSP.
- Nurturing agricultural diversification and value adding within the region.
- Building the capacity of the region to share in national growth through leading businesses accessing and applying knowledge-based services in their businesses.

It is recommended that in applying these principles and in the consideration and further encouragement of proposals for assistance, the Advisory Committee ensure active co-ordination, consultation and involvement with other regional agencies involved in business development.

Adapting to the Water Sharing Plan and nurturing agricultural diversification

The WSP has impacts on all irrigators and the dependent local services industries in the Namoi region.

There is:

- A change in the risk environment faced by irrigators,
- Opportunities for effective use of the carry forward provisions,
- Reduction in AALs that leave many irrigators with significantly less water than their previous history of use, and
- A disposition among irrigators to concentrate on cotton production relative to the specialty crops.

There is the potential for programs that will assist in the maintenance of the productive capacity of irrigators and allow new opportunities to be undertaken. This will also assist the local service industries dependent on the current patterns of production. There will be some overlap with the responsibilities of the NSW government but they are included in this list to ensure that the actions are not overlooked.

It is recommended that the ACC commission the development of a short training course including farm simulation models that will assist irrigators understand the risk structure and management options that exist under the WSP. That program would be made available to irrigators in the Namoi tailored to the situation in the various zones. Farmbis support should be available for participants in the program.

The WSP has changed the risk structure facing irrigators. This includes reducing the 'surplus' entitlements and providing for the carry forward of unused groundwater entitlements. Irrigators will need to learn how to operate effectively in the new conditions.

Discussions with irrigators indicated that the potential value of the carry forward provisions is not yet well recognised. Previous work (CARE, 2001) in the Macquarie Valley highlighted the potential for large increases in the GVAP through the carry forward of water to concentrate its use on high value crops, and how it also operates to stabilise production and revenue over time. Although the Macquarie work was mainly related to surface water, and the variability in access to groundwater is less than for surface water, similar principles apply to managing groundwater use. The importance of a groundwater carry forward mechanism was also highlighted in the Young (1998) study for Zones 3 (UN) and 5 (LN).

Indications from irrigators suggest that they will be seeking to make greater use of surface water in an effort to compensate for loss of groundwater. These proposals will allow irrigators to understand those possibilities better and to develop business plans that integrate the use of water available to them from all sources. That will represent a further step toward a whole-of-Namoi approach to the management and use of all water.

This project could commence once the WSPs are finalised and commencement confirmed. Most value would be gained from the program operating prior to the commencement of the WSP.

It is recommended that the ACC manage and support a program to assess the needs and potential of irrigators and local service sector businesses dependent on the current patterns of production that are likely to be significantly impacted by the WSP. The assessments may be undertaken by existing officers working in Rural Counsellor or similar positions. Access to specialist skills for business planning could be facilitated by the ACC along with consideration of proposals that may be eligible for funding under the guidelines for the ACC.

There are a number of irrigator businesses that will face a near-term, business-threatening situation that will occur when the WSP is implemented. These farms have one or more of the following characteristics:

- Owner-operator farms that have fully developed the irrigation potential on their property;
- Have high cuts (often over 40 %) to their current allocations that bring them below their recent history of use. They may also have taken voluntary cuts to their entitlements negotiated in 1996;
- Located in zones with few opportunities to acquire additional AALs;
- Receive little supplementary water or adjustment support; and
- Have high debt levels.

The characteristics of these irrigators require assessment on a case-by-case basis. The main interest is in the development of a new business plan which may require access to a range of skills. Some of the business plans are likely to include new business developments that fall within the support guidelines of the ACC. Those opportunities would also be made available to non-farm businesses that are likely to be impacted significantly.

This project should commence once the implementation and details of the WSP are finalised. It could operate through the first three years of the WSP.

It is recommended that the ACC support a program to encourage diversification of agricultural production into specialty crops, particularly to assist the development of supply chains incorporating secure access to irrigation water, quality assurance, value adding and market development. The objective should be to obtain premium prices and to build these business capacities within the region.

Irrigation in the Namoi is concentrated on cotton production which has attracted substantial support industries and research and development organisations. The agronomic conditions are also very favourable for cotton production. Most of the value-adding opportunities that exist for cotton have already been taken.

In some areas of the Namoi, conditions allow the production of a range of specialty crops (legumes, pulses, oilseeds and horticulture). These add diversity, provide potential for value adding in the region and offer the possibility of earning premium market prices. Existing industry support and research and development infrastructure are not yet well developed. During the drought, and in the responses to the WSP, many irrigators have reduced production of some of these crops.

To achieve the potential that these crops offer will require actions to develop the whole supply chain. Production will need to be assured with irrigation an essential requirement. A range of market, quality assurance and logistics expertise would be required. There would be a number of specialty crops that could be developed together to gain some economies from shared development. Once the supply chains are developed, additional supply is expected.

This project should commence as soon as possible to rebuild the production base that has been depleted during the drought.

These strategies have been incorporated into the 2004-2007 Strategic Regional Plan.

3. The processes and procedures developed and implemented by the New England North West ACC (Incorporated) to record and communicate recommendations of the ACC.

ATTACHMENTS:

2004-2007 Strategic Regional Plan (SRP)

2004-2005 Annual Business Plan (BP)

2003-2004 Annual Report

Every four years the New England North West ACC develops a Strategic Regional Plan that outlines the objectives and opportunities that will be supported by the New England North West ACC. The strategies are developed over a number of months; include consultations with all stakeholders, the Department and more importantly the community.

The New England North West region of NSW is diverse and the Strategic Regional Plan is broad, to reflect the diversity of our communities, industries and landscapes.

The document is available on the website and includes a situation analysis and barriers to change to support the strategies. The New England North West ACC has also produced a written document of the strategies which is distributed across the region.

The Namoi Valley Structural Adjustment Package also conducted a Socio-Economic Study into the affects of introducing the Namoi Valley Water Sharing Plan. The New England North West ACC has included these strategies in the 2004-2007 Strategic Regional Plan.

The Annual Business Plan of the New England North West ACC describes the activities to be undertaken by the New England North West ACC for the financial year and is available on the website.

The Annual Report 2003-2004 includes processes and functions of the ACC, its committees and projects.

The New England North West ACC does not have written processes or procedures for communicating recommendations of the ACC.

The agenda papers for Board meetings include all documents as specified under the procedures detailed. Projects to be considered by the Board must have been reviewed by the Sub-Committee, minutes of the Sub-Committee are provided to the Board, copies of the full Regional Partnerships application and the Project Officer assessment. The minutes of the meeting record any discussions or additional information provided. Endorsements or decisions to reject projects are motioned by a Board member.

Immediately after the Board meeting Project Officers communicate the Boards endorsement, and comments to the client. This information on some occasions may be recorded by email.

The Strategic Regional Plan, Annual Business Plan and Annual Report are available on the website.

4. The nature and extent of the representative roles of the administering department, minister or parliamentary secretary, other ministers and parliamentary secretaries, other senators or members and their advisors and staff in the process of selection of successful applications.

It is the understanding of the New England North West ACC assessment of applications under the Regional Partnerships Programme is conducted by the Department of Transport and Regional Services. An endorsement of an application by the New England North West ACC does not guarantee funding.

Once an application is endorsed to the Department and the Minister, comments included on the assessment sheet and summarised (due to word limits) and entered on the centralised TRAX assessment system. The New England North West ACC is aware the comments section at the bottom of the document is submitted to the Minister with the Departments recommendation.

It was the understanding of the New England North West ACC that the role of the Australian Government Department of Transport and Regional Services for the Namoi Valley Structural Adjustment Package was to conduct the third level check which involves an assessment of both the company and project viability when an applicant is applying for more than \$500,000.

The assessment by the Department on both occasions may include a comprehensive report into both the applicant/company and the project proposal to determine; the proposal is commercial viable and sustained by market research into product/service positioning, established competitors, identified demand and other relevant industry information, and the proposal is financial viable as substantiated by the income demands, anticipated costs, ability to achieve expected sales and reasonableness of business assumptions.

5. The transparency and accountability of the process and outcomes of the New England North West ACC (Incorporated).

The New England North West ACC believes its processes are transparent and accountable to the community and the Australian Government.

All processes and procedures to developing applications for Regional Partnerships and the Namoi Valley Structural Adjustment Package were and continue to be outlined to proponents and potential proponents by Project Officers and is understood by Board members.