

**MINISTER FOR PRIMARY INDUSTRIES,
MINISTER FOR ENERGY,
MINISTER FOR MINERAL RESOURCES, AND
MINISTER FOR STATE DEVELOPMENT**

OVERVIEW

<i>Agency</i>	<i>2008-09 Budget \$m</i>	<i>2009-10 Budget \$m</i>	<i>Variation %</i>
Department of Primary Industries			
Total Expenses	442.6	469.5	6.1
Capital Expenditure	24.1	45.4	88.6
New South Wales Rural Assistance Authority			
Total Expenses	180.6	267.9	48.3
Capital Expenditure	0.1	0.1	...
Department of Water and Energy			
Total Expenses	447.4	589.4	31.7
Capital Expenditure	10.1	13.0	28.7
Department of State and Regional Development			
Total Expenses	185.9	268.9	44.7
Capital Expenditure	1.1	0.5	-55.4
NSW Food Authority			
Total Expenses	20.8	20.8	...
Capital Expenditure	1.7	1.7	...
Total, Minister for Primary Industries, Minister for Energy, Minister for Mineral Resources, and Minister for State Development			
Total Expenses	1,277.3	1,616.5	26.6
Capital Expenditure	37.1	60.7	63.6

DEPARTMENT OF PRIMARY INDUSTRIES

The Department of Primary Industries (DPI) supports the development of profitable primary industries that create a more prosperous New South Wales and contribute to a better environment through the sustainable use of natural resources. The Department maintains close links with industry and has industry competitiveness and front line service delivery as priorities.

RESULTS AND SERVICES

The Department contributes to stronger rural and regional economies, practical environmental solutions and improved urban environments by aiming for the following results:

- ◆ Primary industries perform strongly in the economy.
- ◆ Primary industries have appropriate access to natural resources and manage them wisely.
- ◆ Primary industries are safe, healthy and biosecure.

Key services provided by the Department to contribute to these results include:

- ◆ providing science, research and innovative technologies to improve the international competitiveness and long-term environmental sustainability of the State's primary industries
- ◆ providing a biosecurity framework to support and improve domestic and international market access for the State's primary industries products
- ◆ developing and delivering education and extension services for primary industries with particular emphasis on the development and delivery of the PROfarm training program
- ◆ planning, managing and regulating the sustainable commercial and recreational use of the State's fisheries resources
- ◆ licensing and inspecting animal research and exhibited animal establishments, and administering animal welfare legislation
- ◆ developing and promoting geoscientific information on New South Wales to increase investment opportunities in the minerals industry

43 DEPARTMENT OF PRIMARY INDUSTRIES

- ◆ granting, managing and maintaining exploration and mining titles across New South Wales and collecting prescribed royalties and
- ◆ assessing, investigating and improving environmental and health and safety performance across the mining industry.

The key services provided by the Department and the way in which they are expected to contribute to results are set out in the following table:

Service Groups	2009-10 Budget Expenses \$m	Results		
		Strong economic performance of primary industries	Appropriate access to and wise management of natural resources	Safe, healthy and biosecure industries
Agriculture, Biosecurity and Mine Safety	134.5	✓	✓	✓
Mineral Resources	68.1	✓	✓	✓
Fisheries and Compliance	66.6	✓	✓	✓
Science and Research	150.5	✓	✓	✓
Personnel Services	49.8			
Total Expenses Excluding Losses	469.5			

RECENT ACHIEVEMENTS

Forecast recurrent expenditure for 2008-09 is \$543.1 million. Significant achievements and developments during 2008-09 include:

Agriculture, Biosecurity and Mine Safety

- ◆ eradicating the 2008-09 plague locust outbreak. The Department was the lead agency and coordinated the NSW response to the outbreak. The effectiveness of the response limited the spread of locusts into other areas, shortened the time required for control and resulted in substantial savings by protecting pastures and crops from damage
- ◆ coordinating the NSW Government response to drought. Drought assistance through the Department and other agencies is predicted to be about \$76 million in 2008-09, bringing the Government's total commitment to about \$480 million since the current drought began in 2002-03

43 DEPARTMENT OF PRIMARY INDUSTRIES

- ◆ developing a new licensing scheme under the *Hemp Industry Act 2008* to allow the State's farmers to produce industrial hemp for a range of uses including building products, cosmetics, bio-fuel and dog food
- ◆ achieving a major milestone under the *Plantation and Reafforestation Act 1999* with the total area of timber plantation approved since 2001 now over 100,000 hectares. At an investment of around \$4,500 per ha and estimates of between eight and 15 new jobs directly created for every \$1 million invested this represents a significant boost to regional economies
- ◆ implementing the Australian Government funded two year Water and Nutrient Smart Farms project in the Hawkesbury-Nepean Catchment to assist farmers in undertaking on-ground works programs that improve nutrient management and water use efficiency
- ◆ piloting a new team approach to regional extension and advisory services based around common climatic, environmental and agricultural production factors. The teams are trialling a multi-disciplinary approach with a whole-of-farm business focus to help producers meet the challenges of improving productivity

Mineral Resources

- ◆ facilitating carbon capture by commencing a regional stratigraphic drilling program to identify high potential reservoirs for long term carbon dioxide storage
- ◆ establishing the Government's \$100 million Clean Coal Fund administered by the Clean Coal Council to research, develop and demonstrate clean coal technologies, and increase public awareness of the importance of reducing greenhouse gas emissions through the use of these technologies
- ◆ awarding an Exploration Licence over the Watermark coal area which has provided up to \$300 million in payments to New South Wales, \$1 million per annum for five years to a regional community trust and a \$175 million investment in transport infrastructure
- ◆ continuing the Government's support for increased mineral and petroleum exploration under the New Frontiers initiative resulting in the discovery of a significant new mineral province in the north west of the State
- ◆ organising a major safety campaign involving record numbers of industry representatives to inform, educate and influence the mining industry about mine safety best practice, and drive improved safety performance

Fisheries and Compliance

- ◆ implementing deterrence strategies, such as effective compliance operations that target illegal fishing based on intelligence received from the Fishers' Watch Hotline, to increase the adoption of sustainable fishing practices
- ◆ developing substantial changes to the commercial fish catch and effort reporting system to improve sustainability outcomes through more robust stock assessments, and provide a basis for more informed and efficient management arrangements for industry and government
- ◆ finalising the NSW Land Based Sustainable Aquaculture Strategy which outlines best practice for site selection, design and operation of aquaculture facilities, and simplifies the approvals process for intensive and extensive land based facilities
- ◆ integrating recreational fishing licences into the Government Licensing Service which provides a one stop shop for obtaining a range of licences and permits. This has enabled significant improvements in service delivery to NSW anglers with the introduction of plastic fishing licences and a licence renewal facility

Science and Research

- ◆ refocussing the Department's science and research priorities on productivity and food security, biosecurity, climate and water and fisheries and ecosystems to improve the value and relevance of the Department's research for NSW primary producers, community and other stakeholders
- ◆ securing \$3.5 million in Australian Government and industry funding as part of the national research effort to reduce agriculture's greenhouse gas emissions. The funding will support critical research projects that are assisting NSW primary producers in mitigating and adapting to climate change
- ◆ progressing the development of major new automatic milking technology in collaboration with the University of Sydney and DeLaval Pty Ltd and
- ◆ commencing the Government's five year \$56.67 million upgrade of the biosecurity laboratories at the Elizabeth Macarthur Agriculture Institute to ensure that the facilities meet current and future regulatory standards and provide a platform for future biosecurity research and diagnostics.

STRATEGIC DIRECTIONS

The Department delivers its services through four operational divisions: Agriculture, Biosecurity and Mine Safety; Mineral Resources; Fisheries and Compliance; and Science and Research. The Department has a strong rural and regional focus and works with other agencies to develop regional innovation strategies to strengthen the capability of primary industries.

In particular, the Department has the following strategic directions for each industry:

- ◆ Agriculture, aquaculture and private forestry industries rapidly implement new technologies to increase economic performance whilst reducing environmental impacts; in particular, on-farm water is used efficiently, industry adapts to and reduces its impact on climate change and risks posed by pests, diseases and chemicals are excluded, eradicated or effectively managed.
- ◆ The fishing industry has secure access to and harvests at levels which allow sustainable regeneration of fish stocks; the living aquatic environment is conserved and protected for current and future generations.
- ◆ The mining industry contributes to state and regional economies and to their communities through strong investment and production while appropriately managing natural resources and operating to best practice health and safety standards.
- ◆ The forestry industry employs ecologically sustainable management practices, underpinned by sound science, and captures opportunities presented by carbon markets.

The strategic directions for each service group are as follows:

Agriculture, Biosecurity and Mine Safety

- ◆ enhance the delivery of education initiatives to help primary producers manage risks, deliver environmental outcomes and use innovative technologies to improve productivity and profitability
- ◆ prepare and deliver industry development strategies for key industries to increase investment in rural and regional New South Wales

43 DEPARTMENT OF PRIMARY INDUSTRIES

- ◆ drive primary industries' adaptation to climate change and mitigate the production of greenhouse gases by assisting in the implementation of new technologies which ensure permanent improvements in greenhouse gas management
- ◆ facilitate plantation investment and development in New South Wales that creates employment, timber products and assists in countering carbon emissions
- ◆ review biosecurity legislation with the aim of reducing costs to industry whilst improving biosecurity outcomes
- ◆ implement a comprehensive biosecurity strategy aimed at protecting the economy, the environment and public health from the negative impacts associated with pests, diseases and weeds
- ◆ develop information, communication and technology platforms to improve management of exotic disease incursions, routine surveillance and market access
- ◆ implement targeted health and safety education programs that address priority areas identified by the NSW Mine Safety Advisory Council
- ◆ develop and deliver strategies that improve the welfare of animals in New South Wales

Mineral Resources

- ◆ inform government decision-making in respect of strategic coal, mineral and petroleum resources
- ◆ progress a carbon capture and storage demonstration project running until 2013 to facilitate low emission coal technologies
- ◆ continue to provide world class geoscience information to underpin exploration, mining investment and geosequestration in New South Wales
- ◆ encourage and facilitate mineral and petroleum exploration and new resource developments to maximise social and economic benefits and minimise adverse environmental impacts
- ◆ regulate the NSW mining industry to ensure further improvements in environmental performance

43 DEPARTMENT OF PRIMARY INDUSTRIES

- ◆ regulate and oversee mine safety to ensure the health and safety of mine workers
- ◆ identify additional coal development areas to increase the competitiveness of the NSW mining industry

Fisheries and Compliance

- ◆ attract investment by identifying and assessing suitable sites for large-scale aquaculture production
- ◆ ensure compliance with the *Fisheries Management Act 1994* and the *Environmental Planning and Assessment Act 1979* by completing an environmental assessment process for shark meshing and implementing Joint Management Agreements with the Department of Environment and Climate Change
- ◆ improve the profitability and sustainability of commercial fisheries by building on the introduction of share management, exploring opportunities for streamlined and simplified regulatory approaches and facilitating structural adjustment
- ◆ develop opportunities for increasing community involvement in recreational angling, including the completion of environmental assessments for artificial reefs and marine stocking programs

Science and Research

- ◆ continue to refocus effort to high priority areas such as studies aimed at adaptation to and mitigation of the effects of a changing climate on the State's primary industries
- ◆ continue to transition plant breeding programs to the private sector
- ◆ deliver increased productivity and sustainability of resource use across primary industries by managing a portfolio of projects with external funding in the order of \$50 million per annum
- ◆ develop information and technology platforms to improve the management of the Department's project portfolio and optimise return on investment against government priorities and
- ◆ conduct scientific surveys of the fish resources of New South Wales, enabling assessment of fish resources independent of commercial or recreational fishers.

2009-10 BUDGET INITIATIVES

Major initiatives for 2009-10 include:

- ◆ \$16.5 million for the development of clean coal technology through the Clean Coal Fund, including a carbon capture and storage demonstration project
- ◆ \$2.5 million for Brigalow structural adjustment payments
- ◆ \$1.9 million for derelict mine site rehabilitation and
- ◆ \$6 million for the NSW contribution towards combating exotic pests and diseases.

Total Expenses

The Department's total expenses for 2009-10 are budgeted at \$469.5 million.

The major areas of expenditure include:

- ◆ \$134.5 million for the Agriculture, Biosecurity and Mine Safety service group
- ◆ \$68.1 million for the Mineral Resources service group
- ◆ \$66.6 million for the Fisheries and Compliance service group
- ◆ \$150.5 million for the Science and Research service group and
- ◆ \$49.8 million for the provision of Personnel Services.

Capital Expenditure

The Department's 2009-10 capital expenditure is budgeted at \$45.4 million, of which \$10.6 million is reinvestment of proceeds from the sale of assets.

Major projects within the Department's capital program include:

- ◆ \$17.7 million for the biosecurity upgrade of Elizabeth Macarthur Agricultural Institute
- ◆ \$8 million for the rationalisation and relocation of Gosford Horticultural Institute
- ◆ \$2.4 million for a Commercial Fisheries Management System

43 DEPARTMENT OF PRIMARY INDUSTRIES

- ◆ \$1.8 million for a Mineral Resources Business and Technology System
- ◆ \$1.4 million to construct a new laboratory to upgrade research facilities at Wagga Wagga Agricultural Institute
- ◆ \$941,000 for the construction of offshore artificial reefs for recreational fishers near Newcastle
- ◆ \$849,000 for a Biosecurity Information Management System
- ◆ \$750,000 for the upgrade of office and cattle tick facilities at Tweed Heads
- ◆ \$607,000 for a Scientific Research Project and Portfolio Management System and
- ◆ \$400,000 for the upgrade of office facilities at Eden.

RESULT INDICATORS

Primary industries perform strongly in the economy

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Value of primary industries production ^(a)	\$m	20,317	23,432	26,261	34,462	29,619
Mining royalties collected ^(b)	\$m	489	573	920	1,400	1,646
Capital expenditure (mining) ^(c)	\$m	1,700	2,200	2,000	2,400	2,000
Value of targeted primary industries exports: ^(d)						
Coal	\$m	6,200	8,200	9,500	15,800	11,700
Agriculture	\$m	5,281	5,064	5,975	5,289	5,523

(a) This indicator shows the value of production, and hence economic performance, of the agriculture, minerals, wild harvest fisheries and aquaculture sectors. While production is influenced by many factors such as climatic conditions, global demand and the value of the Australian dollar, this indicator is a proxy for the effectiveness of DPI's services that support strong economic performance.

(b) This indicator shows the royalty revenue generated by mineral production.

(c) This indicator shows the level of investment by the mining sector and is a proxy for the attractiveness of New South Wales to investors.

(d) Agriculture figures based on Australian Bureau of Agricultural and Resource Economics data (published March 2009). While the value of exports is influenced by many factors such as global demand and the value of the Australian dollar, this indicator is a proxy for the effectiveness of DPI's services aimed at maintaining strong economic performance.

RESULT INDICATORS (CONT)**Primary industries have appropriate access to natural resources and manage them wisely**

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Mines operating to agreed operation plans and subsidence plans ^(a)	%	95	97	97	97	97
Primary/target and secondary fish species harvested at biologically sustainable levels ^(b)	%	90	90	90	90	90
Landholders/fishers adopting at least one DPI sustainability innovation ^(c)	%	25	30	30	30	30
Cotton yield per megalitre of water supplied ^(d)	no.	1.06	1.09	1.11	1.11	1.15
Reduction in net emissions from primary industries ^(e)	%	2	3	3	3	3

(a) This indicator shows the percentage of mines operating to agreed operation plans and subsidence plans.

(b) This indicator is a proxy for the effectiveness of DPI's management of fisheries resources.

(c) This indicator shows the effectiveness of DPI's services aimed at facilitating uptake of sustainability innovations developed by DPI.

(d) This indicator demonstrates the effectiveness of DPI's services aimed at uptake of water-saving practices and technologies by the cotton sector.

(e) This indicator shows the annual percentage reduction in net greenhouse emission from primary industries due to the uptake of technologies such as high feed efficient livestock.

43 DEPARTMENT OF PRIMARY INDUSTRIES

RESULT INDICATORS (CONT)

Primary industries are safe, healthy and biosecure

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Compliance with National Animal Health performance standards ^(a)	%	95	97	97	97	97
Major innovations in pest and disease control ^(b)	no.	26	30	30	31	31
Fatal injuries per million hours in the mining industry: ^(c)						
Coal	no.	0.04	0.04	0.01	0.04	0.02
Non-coal	no.	0.06	0.04	0.04	0.04	0.03

(a) This indicator shows the degree to which the NSW animal health management system meets the agreed national standards.

(b) This indicator shows the number of innovations developed annually by DPI to improve biosecurity and protect human health. The figures comprise the number of innovations to protect human health, protect industry or reduce cost to government and industry.

(c) This indicator shows the fatal injury rate per million hours worked (five year average) and is a proxy for the effectiveness of services to improve workplace safety.

SERVICE GROUP STATEMENTS

43.1 Agriculture, Biosecurity and Mine Safety

Service Description: This service group covers development and delivery of services and initiatives such as extension, education and promotion of animal welfare, to drive sustainable development of agriculture and private forestry, as well as development and implementation of industry safety, biosecurity and emergency response plans to support improved industry safety and biosecurity.

Linkage to Results: This service group contributes to strong economic performance of primary industries; appropriate access to and wise management of natural resources; and safe, healthy and biosecure industries by working towards a range of intermediate results that include the following:

- ◆ Primary industries see New South Wales as an attractive state in which to invest and increase competitiveness.
- ◆ Primary industries use innovative technologies and practices.
- ◆ Primary industries adapt to climate change, contribute to mitigation of its impacts and achieve improvements in natural resource and environmental management.
- ◆ Risks posed by pests, diseases and chemicals to the economy, environment and human health are excluded, eradicated or effectively managed.
- ◆ The mining industry operates to best practice health and safety standards.

<u>Service Measures:</u>	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
Farmers attending PROfarm training activities	no.	5,760	8,437	6,200	3,500	3,800
Biosecurity plans with DPI contribution	no.	234	200	200	200	200
Persons accredited in emergency response preparedness	no.	328	507	500	630	830
Attendance at mining industry health and safety workshop seminars	no.	4,101	4,200	3,000	3,500	3,200
Compliance with animal research and exhibited animals regulations	%	90	90	90	90	90
<u>Employees:</u>	FTE	682	700	682	655	655

43 DEPARTMENT OF PRIMARY INDUSTRIES

SERVICE GROUP STATEMENTS (CONT)

43.1 Agriculture, Biosecurity and Mine Safety (cont)

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	133,906	164,938	134,484
Total expenses include the following:			
Brigalow Assistance Fund	4,150	4,150	2,500
Rural financial counsellors	1,191	1,191	1,216
Drought assistance	932	18,855	...
Noxious weed control	8,363	8,363	8,555
Exotic pest and disease control	2,485	2,485	6,022
Government contribution to Forests NSW	9,557	9,557	9,557
NSW Food Authority grant	11,747	11,747	11,380
NET COST OF SERVICES	108,038	141,643	108,509
CAPITAL EXPENDITURE	5,416	5,266	22,377

SERVICE GROUP STATEMENTS (CONT)

43.2 Mineral Resources

Service Description: This service group covers assessment of the State's geology and mineral resources, their allocation to private interests for exploration and mining and regulation of exploration and mining activities for safety and environmental performance.

Linkage to Results: This service group contributes to strong economic performance of primary industries; appropriate access to and wise management of natural resources; and safe, healthy and biosecure industries by working towards a range of intermediate results that include the following:

- ◆ Primary industries see New South Wales as an attractive state in which to invest and increase competitiveness.
- ◆ Primary industries use innovative technologies and practices.
- ◆ DPI policies and programs contribute to the sustainable use of natural resources.
- ◆ Primary industries adapt to climate change, contribute to mitigation of its impacts and achieve improvements in natural resource and environmental management.
- ◆ The mining industry operates to best practice health and safety standards.

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Service Measures:</u>						
Area covered by new standard series geoscience maps	000 ha	2,700	2,700	600	1,800	2,700
Titles and dealings processed within published time frames	%	81	90	90	90	90
Outstanding mining royalty revenue	%	0.25	0.25	0.25	0.05	0.05
Safety regulation:						
Investigations of operational safety	no.	450	384	300	450	450
Enforcement actions	no.	666	774	300	800	800
Environmental regulation:						
Audits, assessments and reviews	no.	857	870	890	890	890
Investigations and enforcements	no.	75	60	50	50	50
Rehabilitation of derelict mine sites	no.	37	30	30	28	26
<u>Employees:</u>	FTE	334	338	329	318	318

43 DEPARTMENT OF PRIMARY INDUSTRIES

SERVICE GROUP STATEMENTS (CONT)

43.2 Mineral Resources (cont)

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	52,931	81,525	68,142
Total expenses include the following:			
Remedial works to mined areas	1,863	1,863	1,902
New Frontiers exploration initiative	5,500	5,500	5,500
Clean Coal Fund	...	...	16,500
Coal compensation expense	...	12,038	...
NET COST OF SERVICES	24,167	52,983	14,604
CAPITAL EXPENDITURE	1,586	1,586	2,936

SERVICE GROUP STATEMENTS (CONT)

43.3 Fisheries and Compliance

Service Description: This service group covers development and delivery of compliance, regulatory programs and services and initiatives to protect primary industries from pests, diseases and contaminants and drive sustainable development of aquaculture, commercial fishing and recreational fishing.

Linkage to Results: This service group contributes to strong economic performance of primary industries; appropriate access to and wise management of natural resources; and safe, healthy and biosecure industries by working towards a range of intermediate results that include the following:

- ◆ Primary industries see New South Wales as an attractive state in which to invest and increase competitiveness.
- ◆ DPI policies and programs contribute to the sustainable use of natural resources.
- ◆ Primary industries adapt to climate change, contribute to mitigation of its impacts and achieve improvements in natural resource and environmental management.
- ◆ Risks posed by pests, diseases and chemicals to the economy, environment and human health are excluded, eradicated or effectively managed.

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Service Measures:</u>						
Native fish stocked	mill	2.3	2.5	2.5	1.3	2.5
Habitat restoration sites	no.	122	155	150	150	150
Area of submerged lands leased	ha	3,895	3,850	3,850	3,650	3,650
Aquatic species protected	no.	32	34	34	36	39
Prosecutions (fisheries)	no.	359	400	400	195	200
Self Enforcing Infringement Notice Scheme notices (fisheries)	no.	2,352	2,600	2,600	1,700	1,800
<u>Employees:</u>	FTE	567	567	486	440	440

43 DEPARTMENT OF PRIMARY INDUSTRIES

SERVICE GROUP STATEMENTS (CONT)

43.3 Fisheries and Compliance (cont)

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	67,392	75,151	66,605
Total expenses include the following:			
Fisheries Trust funded projects	15,171	14,401	15,207
Meshing for sharks	814	814	831
NET COST OF SERVICES	39,453	48,334	37,887
CAPITAL EXPENDITURE	2,768	1,168	7,115

43 DEPARTMENT OF PRIMARY INDUSTRIES

SERVICE GROUP STATEMENTS (CONT)

43.4 Science and Research

Service Description: This service group covers provision of science, research and innovative technologies to increase the international competitiveness of the State's primary industries in an environmentally sustainable way, as well as provision of the science to underpin effective biosecurity policy and implementation.

Linkage to Results: This service group contributes to strong economic performance of primary industries; appropriate access to and wise management of natural resources; and safe, healthy and biosecure industries by working towards a range of intermediate results that include the following:

- ◆ Primary industries see New South Wales as an attractive state in which to invest and increase competitiveness.
- ◆ Primary industries use innovative technologies and practices.
- ◆ DPI policies and programs contribute to the sustainable use of natural resources.
- ◆ Primary industries adapt to climate change, contribute to mitigation of its impacts and achieve improvements in natural resource and environmental management.
- ◆ Risks posed by pests, diseases and chemicals to the economy, environment and human health are excluded, eradicated or effectively managed.

<u>Service Measures:</u>	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
New diagnostic tests and vaccines	no.	8	8	8	8	7
New integrated pest control systems	no.	8	8	8	8	8
Publication of research based innovations in scientific journals	no.	1,200	1,184	1,300	1,180	1,180
Samples processed by DPI laboratories	thous	322	483	370	335	335
Pre-commercial lines and varieties delivered for uptake by private breeding and seed companies	no.	7	10	13	13	13
Innovations for horticulture, viticulture, aquaculture and animal production	no.	39	39	40	40	40
<u>Employees:</u>	FTE	1,065	1,046	1,085	981	981

43 DEPARTMENT OF PRIMARY INDUSTRIES

SERVICE GROUP STATEMENTS (CONT)

43.4 Science and Research (cont)

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	138,466	171,721	150,506
Total expenses include the following:			
Industry funded projects	21,109	36,351	37,187
NET COST OF SERVICES	92,065	116,140	90,048
CAPITAL EXPENDITURE	14,286	8,567	12,928

43 DEPARTMENT OF PRIMARY INDUSTRIES

SERVICE GROUP STATEMENTS (CONT)

43.5 Personnel Services

Service Description: This service group covers provision of personnel services to Forests NSW and the Mine Subsidence Board as part of the State's Work Choices insulation legislation.

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Employees:</u>						
Forests NSW	FTE	560	537	470	470	470
Mine Subsidence Board	FTE	26	26	25	25	25

2008-09		2009-10
Budget	Revised	Budget
\$000	\$000	\$000

Financial Indicators:

Total Expenses Excluding Losses		49,855	49,794	49,794
CAPITAL EXPENDITURE		...	...	14

43 DEPARTMENT OF PRIMARY INDUSTRIES

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
OPERATING STATEMENT			
Expenses Excluding Losses			
Operating expenses -			
Employee related	264,965	315,825	275,260
Other operating expenses	112,805	117,988	126,716
Depreciation and amortisation	19,638	19,625	19,786
Grants and subsidies	37,579	59,199	37,392
Finance costs	1,417	1,417	1,178
Other expenses	6,146	29,075	9,199
Total Expenses Excluding Losses	442,550	543,129	469,531
Less:			
Retained Revenue			
Sales of goods and services	112,789	107,598	109,083
Investment income	2,615	1,215	1,294
Retained taxes, fees and fines	10,940	10,940	11,192
Grants and contributions	41,185	56,106	82,280
Other revenue	188	6,688	4,693
Total Retained Revenue	167,717	182,547	208,542
Gain/(loss) on disposal of non current assets	11,110	1,482	9,941
NET COST OF SERVICES	263,723	359,100	251,048
 RECURRENT FUNDING STATEMENT			
Net Cost of Services	263,723	359,100	251,048
Recurrent Services Appropriation	237,614	308,587	234,078
 CAPITAL EXPENDITURE STATEMENT			
Capital Expenditure	24,056	16,587	45,370
Capital Works and Services Appropriation	10,019	10,019	30,860

43 DEPARTMENT OF PRIMARY INDUSTRIES

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
BALANCE SHEET			
ASSETS			
Current Assets			
Cash assets	27,622	35,171	32,914
Receivables	28,002	16,908	11,653
Inventories	2,118	1,791	1,791
Assets held for sale	14,979	8,438	8,240
Other	22,941	15,443	21,473
Total Current Assets	95,662	77,751	76,071
Non Current Assets			
Receivables	25,699	28,825	28,825
Other financial assets	1,803	1,813	1,813
Inventories	5,524	5,975	5,975
Property, plant and equipment - Land and building	184,741	185,137	213,662
Plant and equipment	43,513	38,369	43,880
Infrastructure systems	26,766	24,401	11,230
Intangibles	9,262	13,072	12,613
Total Non Current Assets	297,308	297,592	317,998
Total Assets	392,970	375,343	394,069
LIABILITIES			
Current Liabilities			
Payables	15,967	16,418	16,418
Borrowings at amortised cost	4,447	4,446	4,710
Provisions	54,123	61,469	61,449
Total Current Liabilities	74,537	82,333	82,577
Non Current Liabilities			
Borrowings at amortised cost	14,464	17,966	13,256
Provisions	1,129	1,362	1,362
Other	22,941	15,443	21,473
Total Non Current Liabilities	38,534	34,771	36,091
Total Liabilities	113,071	117,104	118,668
NET ASSETS	279,899	258,239	275,401
EQUITY			
Reserves	137,835	130,939	130,939
Accumulated funds	142,064	127,300	144,462
TOTAL EQUITY	279,899	258,239	275,401

43 DEPARTMENT OF PRIMARY INDUSTRIES

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
CASH FLOW STATEMENT			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related	254,906	291,951	262,996
Grants and subsidies	37,579	59,199	37,392
Finance costs	964	964	898
Other	125,618	154,886	142,781
Total Payments	419,067	507,000	444,067
Receipts			
Sale of goods and services	124,254	116,543	113,829
Interest	2,615	1,215	1,699
Other	65,313	86,734	111,165
Total Receipts	192,182	204,492	226,693
NET CASH FLOWS FROM OPERATING ACTIVITIES	(226,885)	(302,508)	(217,374)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	12,501	1,593	15,317
Proceeds from sale of investments	...	1,688	...
Purchases of property, plant and equipment	(24,056)	(16,170)	(45,370)
Other	...	(417)	...
NET CASH FLOWS FROM INVESTING ACTIVITIES	(11,555)	(13,306)	(30,053)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings and advances	(4,650)	(1,150)	(4,726)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(4,650)	(1,150)	(4,726)
CASH FLOWS FROM GOVERNMENT			
Recurrent appropriation	237,614	308,587	234,078
Capital appropriation	10,019	10,019	30,860
Asset sale proceeds transferred to the Consolidated Fund Entity	(9,650)	(1,150)	(15,042)
Cash transfers to Consolidated Fund	...	(751)	...
NET CASH FLOWS FROM GOVERNMENT	237,983	316,705	249,896
NET INCREASE/(DECREASE) IN CASH	(5,107)	(259)	(2,257)
Opening Cash and Cash Equivalents	32,729	35,430	35,171
CLOSING CASH AND CASH EQUIVALENTS	27,622	35,171	32,914

43 DEPARTMENT OF PRIMARY INDUSTRIES

2008-09		2009-10
Budget	Revised	Budget
\$000	\$000	\$000

CASH FLOW STATEMENT (CONT)

CASH FLOW RECONCILIATION

Net cost of services	(263,723)	(359,100)	(251,048)
Non cash items added back	36,381	47,733	38,380
Change in operating assets and liabilities	457	8,859	(4,706)
Net cash flow from operating activities	(226,885)	(302,508)	(217,374)

NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

The New South Wales Rural Assistance Authority, under the *Rural Assistance Act 1989*, promotes the efficient delivery of assistance programs to farmers and other persons engaged in rural industries.

The Authority's primary objective is to administer, analyse and influence adjustment and assistance programs that encourage self reliance, facilitate appropriate change and help mitigate extreme events.

The Authority administers the *Farm Debt Mediation Act 1994*.

RESULTS AND SERVICES

The Authority supports the strong economic performance of primary industries by providing services to help farmers manage debt and business risks such as natural disasters and drought. The Authority also encourages the sustainable use of natural resources through the provision of low-interest loans for works to improve land management.

The Authority has developed the following planned results to achieve government objectives:

- ◆ The agricultural and small business sector is able to recover from the effects of extreme events.
- ◆ The agricultural sector is able to resist and remain viable when faced with financial challenges.
- ◆ The agricultural sector is able to coexist with and support the natural environment.
- ◆ Farm debt disputes are resolved efficiently and equitably.

Key services provided by the Authority to contribute to these results include:

- ◆ provision of loans to farmers and small businesses to allow them to continue their normal operations following a natural disaster
- ◆ provision of interest subsidies to help farmers affected by exceptional circumstances to obtain carry-on finance, restructure debt and implement productivity improvements

44 NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

- ◆ provision of loans to farmers aimed at promoting improved land management practices and
- ◆ administration of the *Farm Debt Mediation Act 1994*.

The key service provided by the Authority and the way in which it is expected to contribute to results is set out in the following table:

Service Groups	2009-10 Budget Expenses \$m	Results			
		The agricultural and small business sector is able to recover from the effects of extreme events	The agricultural sector is able to resist and remain viable when faced with financial challenges	The agricultural sector is able to coexist with and support the natural environment	Farm debt disputes are resolved efficiently and effectively
Financial Assistance to Farmers and Small Businesses	267.9	✓	✓	✓	✓
Total Expenses Excluding Losses	267.9				

RECENT ACHIEVEMENTS

The Authority continues to provide support to farmers and small businesses through the Advancing Australian Agriculture program, which includes the Exceptional Circumstances program. This is a joint program between the Australian and NSW Governments, with the Australian Government contributing 90 per cent of the funding.

In 2008-09 the Authority expects to approve 9,200 applications under the Exceptional Circumstances program and provide assistance of \$297.2 million, compared to 10,399 approvals and assistance of \$409.5 million in 2007-08.

Assistance under the Exceptional Circumstances program in declared areas has been extended until 31 March 2010.

The Special Conservation Scheme provides loans at low interest rates for works such as soil conservation, irrigation and water supply. Loans are provided on the basis that the proposed works will have a beneficial impact on the land, the community and the environment. The Scheme has been extended to include drought-related initiatives. In 2008-09 the Authority expects to approve loans totalling \$20.5 million.

44 NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

The Natural Disaster Relief Scheme provides low interest rate loans to assist eligible primary producers and small businesses recover from the effects of natural disasters, such as storms, floods or bushfires. In 2008-09 the Authority expects to approve loans totalling \$11.2 million, with the majority provided to assist the Central West and North Coast regions following extensive flood damage in December 2007 and January 2008.

STRATEGIC DIRECTIONS

Strategies employed by the Authority to ensure achievement of its planned results are:

- ◆ promotion of available assistance programs, and providing advice to potential applicants to create awareness of eligibility requirements
- ◆ periodic reviews of specific programs and continued development and monitoring of result indicators and service measures
- ◆ effective management of the Authority's loan portfolio to limit the risk of non-repayment and
- ◆ ongoing review and refinement of internal policies and procedures, and identifying synergies within Government and statutory authorities for streamlining the provision of assistance measures.

The Authority will continue its partnerships with other Government agencies such as the Department of Primary Industries to deliver the following assistance programs:

- ◆ AgStart – assisting young farmers to enter agribusiness or farming related industries
- ◆ Forging Partnerships program – assisting schools, community groups and Aboriginal organisations in promoting sustainable management of natural resources and
- ◆ Native Vegetation Assistance package – assisting landholders as a consequence of refusal of consent to clear land under the *Native Vegetation Act 2003*.

2009-10 BUDGET INITIATIVES

Total Expenses

The Authority's total expenses for 2009-10 are budgeted at \$267.9 million. Exceptional Circumstances assistance is the major component at \$253.7 million, of which the Australian Government will contribute 90 per cent.

Also provided for in 2009-10 is:

- ◆ \$18 million for low interest loans under the Special Conservation Scheme and
- ◆ a notional \$2 million for the Natural Disaster Relief Scheme. Actual assistance will depend on the occurrence of natural disasters.

Capital Expenditure

The Authority receives a minor allocation of \$50,000 for the replacement and upgrade of office facilities.

RESULT INDICATORS

The agriculture and small business sector is able to recover from the effects of extreme events

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Eligible applicants receive Natural Disaster Relief Scheme assistance ^(a)	%	100	100	100	100	100
Applications for assistance approved ^(b)						
Loans	no.	31	171	28	140	100
Grants	no.	0	2,677	0	0	0
Value of assistance provided ^(c)						
Loans	\$m	2.9	15.9	2.0	11.2	9.0
Grants	\$m	0.0	15.3	0.0	0.0	0.0

(a) Represents the percentage of eligible applicants who are provided with assistance.

(b) Represents the total of applications approved.

(c) Represents the total dollar value of assistance provided.

The agricultural sector is able to resist and remain viable when faced with financial challenges

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Eligible applicants receive Exceptional Circumstances assistance ^(a)	%	100	100	100	100	100
Applications for assistance approved ^(b)						
Value of assistance provided ^(c)	\$m	252.6	409.5	168.7	297.2	253.7

(a) Represents the percentage of eligible applicants who are provided with assistance.

(b) Represents the total of applications approved.

(c) Represents the total dollar value of assistance provided.

RESULT INDICATORS (CONT)

The agricultural sector is able to coexist with and support the natural environment

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Eligible applicants receive Special Conservation Scheme assistance ^(a)	%	100	100	100	100	100
Applications for assistance approved ^(b)	no.	319	204	450	350	250
Value of assistance provided ^(c)	\$m	12.8	11.7	18.0	20.5	18.0

(a) Represents the percentage of eligible applicants who are provided with assistance.

(b) Represents the total of applications approved.

(c) Represents the total dollar value of assistance provided.

Farm debt disputes are resolved efficiently and equitably

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Farm debt disputes are effectively resolved	%	88	89	90	90	90

Represents satisfactory mediations where an agreement has been reached.

SERVICE GROUP STATEMENTS

44.1 Financial Assistance to Farmers and Small Businesses

Service Description: This service group covers financial assistance by way of loans to farmers and small businesses to allow them to continue their operations following a natural disaster and loans to farmers aimed at promoting improved land management practices and grants under various schemes. Assistance is also provided through grant programs with Exceptional Circumstances being the main program providing interest rate subsidies to farmers and small businesses.

Linkage to Results: This service group contributes to the agricultural sector being able to recover from the effects of natural disasters and exceptional circumstances; manage business risks during drought and disease; coexist with the natural environment; and to farm debts being resolved efficiently and effectively, by working towards a range of intermediate results that include the following:

- ◆ clients are aware of, and respond to available assistance
- ◆ viability of ongoing farm operations is protected
- ◆ resources to initiate conservation measures are accessible and
- ◆ a limited number of farmer/creditor disputes end up in the court system.

<u>Service Measures:</u>	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
Applications for assistance processed	no.	9,625	15,395	6,458	9,640	7,170
Applications processed within time frames	%	70	75	90	75	90
Promotional activities	no.	64	28	20	7	8
Farm Debt Mediation applications determined	no.	32	47	50	60	50
<u>Employees Numbers:</u>	FTE	38	39	37	31	31

44 NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

SERVICE GROUP STATEMENTS (CONT)

44.1 Financial Assistance to Farmers and Small Businesses (cont)

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	180,641	315,496	267,862
Total expenses include the following:			
Operating expenses	5,172	6,599	5,865
Exceptional Circumstances assistance	168,645	297,197	253,662
Other grants and subsidies	2,000	6,361	3,000
NET COST OF SERVICES	173,132	303,620	258,966
CAPITAL EXPENDITURE	50	30	50

44 NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
OPERATING STATEMENT			
Expenses Excluding Losses			
Operating expenses -			
Employee related	2,175	2,992	2,821
Other operating expenses	2,997	3,608	3,044
Depreciation and amortisation	24	38	35
Grants and subsidies	170,645	303,558	256,662
Finance costs	4,800	5,300	5,300
Total Expenses Excluding Losses	180,641	315,496	267,862
Less:			
Retained Revenue			
Investment income	5,495	6,600	5,882
Grants and contributions	2,000	5,061	3,000
Other revenue	14	215	14
Total Retained Revenue	7,509	11,876	8,896
NET COST OF SERVICES	173,132	303,620	258,966
RECURRENT FUNDING STATEMENT			
Net Cost of Services	173,132	303,620	258,966
Recurrent Services Appropriation	173,509	304,194	258,954
CAPITAL EXPENDITURE STATEMENT			
Capital Expenditure	50	30	50
Capital Works and Services Appropriation	50	30	50

44 NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
BALANCE SHEET			
ASSETS			
Current Assets			
Cash assets	23,582	27,715	29,459
Receivables	1,300	2,946	1,396
Other financial assets	4,017	4,700	5,700
Total Current Assets	28,899	35,361	36,555
Non Current Assets			
Other financial assets	73,842	94,939	98,439
Property, plant and equipment - Plant and equipment	180	134	149
Total Non Current Assets	74,022	95,073	98,588
Total Assets	102,921	130,434	135,143
LIABILITIES			
Current Liabilities			
Payables	7,130	8,130	9,130
Borrowings at amortised cost	12,000	15,685	16,685
Provisions	255	200	190
Total Current Liabilities	19,385	24,015	26,005
Non Current Liabilities			
Borrowings at amortised cost	65,886	84,634	87,175
Provisions	3	4	4
Total Non Current Liabilities	65,889	84,638	87,179
Total Liabilities	85,274	108,653	113,184
NET ASSETS	17,647	21,781	21,959
EQUITY			
Accumulated funds	17,647	21,781	21,959
TOTAL EQUITY	17,647	21,781	21,959

44 NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
CASH FLOW STATEMENT			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related	2,160	2,974	2,691
Grants and subsidies	170,645	303,558	256,662
Finance costs	3,800	3,800	3,800
Other	3,897	25,884	23,044
Total Payments	180,502	336,216	286,197
Receipts			
Sale of goods and services	...	200	...
Interest	1,075	1,947	612
Other	7,414	29,021	25,534
Total Receipts	8,489	31,168	26,146
NET CASH FLOWS FROM OPERATING ACTIVITIES	(172,013)	(305,048)	(260,051)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advance repayments received	23,800	18,107	17,800
Purchases of property, plant and equipment	(50)	(30)	(50)
Advances made	(19,000)	(31,000)	(17,000)
NET CASH FLOWS FROM INVESTING ACTIVITIES	4,750	(12,923)	750
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings and advances	19,000	31,000	17,000
Repayment of borrowings and advances	(20,000)	(13,431)	(14,959)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(1,000)	17,569	2,041
CASH FLOWS FROM GOVERNMENT			
Recurrent appropriation	173,509	304,194	258,954
Capital appropriation	50	30	50
Cash transfers to Consolidated Fund	...	(2,360)	...
NET CASH FLOWS FROM GOVERNMENT	173,559	301,864	259,004
NET INCREASE/(DECREASE) IN CASH	5,296	1,462	1,744
Opening Cash and Cash Equivalents	18,286	26,253	27,715
CLOSING CASH AND CASH EQUIVALENTS	23,582	27,715	29,459

44 NEW SOUTH WALES RURAL ASSISTANCE AUTHORITY

2008-09		2009-10
Budget	Revised	Budget
\$000	\$000	\$000

CASH FLOW STATEMENT (CONT)

CASH FLOW RECONCILIATION

Net cost of services	(173,132)	(303,620)	(258,966)
Non cash items added back	(3,642)	(3,625)	(3,625)
Change in operating assets and liabilities	4,761	2,197	2,540
Net cash flow from operating activities	(172,013)	(305,048)	(260,051)

DEPARTMENT OF WATER AND ENERGY

The Department of Water and Energy (DWE) delivers the Government's policy and reform agenda for the water and energy sectors in New South Wales. The Department provides policy, legislative, regulatory, technical and management advice in relation to water and energy matters to the Minister for Energy and the Minister for Water. In addition to this advisory role the agency carries out a regulatory and enforcement function in both water and energy. DWE also provides some support services to the NSW Dams Safety Committee.

The Department wholly or partly administers 30 Acts, including such key water and energy legislation as the: *Water Management Act 2000*; *Water Act 1912*; *Local Government Act 1993*; *Water Efficiency Labelling and Standards (New South Wales) Act 2005*; *National Electricity (New South Wales) Act 1997*; *Electricity Supply Act 1995*; *Gas Supply Act 1996*; *Pipelines Act 1967*; and *Energy and Utilities Administration Act 1987*. The Department also ensures that NSW frameworks are consistent with requirements under the Australian Government's National Water Initiative, *Water Act 2007* and *Murray-Darling Basin Act 1993 No. 38*.

RESULTS AND SERVICES

DWE has lead agency responsibility for coordinating with partner agencies to ensure the delivery of the following State Plan priorities:

- ◆ E1: A secure and sustainable water supply for all users.
- ◆ E2: A reliable electricity supply with increased use of renewable energy.

The Department is working with the urban water, water management and energy industries, government agencies, business and consumer groups and other stakeholders towards the following results:

- ◆ Urban water supplies are reliable and sustainable and services across New South Wales are well managed, efficient and equitable.
- ◆ Allocation of water between communities, industry, farmers and the environment is secure and sustainable.
- ◆ Energy supplies are reliable and sustainable, energy services are safe and efficient and the consumer protection framework is robust, including support for vulnerable customers.

45 DEPARTMENT OF WATER AND ENERGY

Key services provided by the Department that contribute to achieving these results include:

- ◆ planning and developing a policy and regulatory framework for urban water industries and customers including the Metropolitan Water Plan; facilitating water recycling across New South Wales; providing leadership, guidance and technical assistance in best practice management, operation and maintenance for non-metropolitan urban water utilities; and overseeing and monitoring local water utility performance
- ◆ advising on ecosystem protection strategies and plans; managing and regulating the sharing of water between users through developing water sharing plans, administering water licences, assessing resource availability, allocating available water and monitoring compliance; and developing and implementing water trading rules and liaising with other States and the Australian Government in interstate water sharing arrangements and
- ◆ promoting and maintaining competition in energy markets, mainly through delivering the NSW Government's commitments under the national reform agenda for energy; promoting renewable energy, energy standards and appliance labelling schemes; developing a policy for electricity and gas networks and licensed pipelines, and regulating and monitoring performance against the policy; and maintaining a strong consumer protection framework.

The key services provided by the Department and the way in which they are expected to contribute to results are set out in the following table:

Service Groups	2009-10 Budget Expenses \$M	Results		
		Urban water supplies are reliable and sustainable and services across New South Wales are well managed, efficient and equitable	Allocation of water between communities, industry, farmers and the environment is secure and sustainable	Energy supplies are reliable and sustainable, energy services are safe and efficient and the consumer protection framework is robust
Urban Water Utilities	219.4	✓		
Water Management	197.5		✓	
Energy Supply and Use	172.5			✓
Total Expenses Excluding Losses	589.4			

RECENT ACHIEVEMENTS

The Department was established to address the dual challenges of ensuring reliable and sustainable access to the basic necessities of water and energy, which are fundamental to improving the quality of life in New South Wales, and of supporting continued economic development across the State. Key recent achievements include:

- ◆ securing water supplies for greater Sydney through the development of the Metropolitan Water Plan which incorporates major projects including deepwater access to water in Warragamba and Nepean Dams and a contract for the construction and operation of a desalination plant at Kurnell powered by renewable energy
- ◆ engaging the greater Sydney community through the Water for Life Education Program, with total water use reducing to levels equivalent to those in the early 1970s despite over one million extra people in metropolitan Sydney
- ◆ establishing the Office of the Hawkesbury-Nepean and obtaining \$77 million in funding from the Australian Government for programs to be overseen by the Office
- ◆ completing over 360 water supply and sewerage projects under the Country Towns Water Supply and Sewerage Program that have delivered enhanced public health and environmental and security-of-supply outcomes to over one million residents living in country New South Wales
- ◆ improving significantly the management of the State's water and sewerage infrastructure with 80 per cent of the requirements of the revised Best Practice Management Guidelines now being met by local water utilities and with approximately 80 per cent committed to undertaking Integrated Water Cycle Management plans
- ◆ completing almost half of the State's water sharing plans to ensure that the environment receives an appropriate share of the water available and to provide secure and tradeable water rights for water licence holders
- ◆ the signing of a memorandum of understanding and an Intergovernmental Agreement on Murray-Darling Basin reform with New South Wales receiving in-principle approval for funding of \$1.4 billion from the Australian Government for water saving infrastructure projects

45 DEPARTMENT OF WATER AND ENERGY

- ◆ managing the national GreenPower Program on behalf of other states and territories and playing an active role in developing the new National Mandatory Renewable Energy Target through the Council of Australian Governments process and
- ◆ strengthening protection for vulnerable consumers through new regulatory provisions for the retail energy industry and working with electricity retailers to implement voluntary hardship charters for all participants.

STRATEGIC DIRECTIONS

The Department's strategic directions embrace the following:

- ◆ continuing to address supply security, regional demand growth and recycling and rainwater harvesting to enable the provision of a secure and sustainable water supply for all New South Wales users
- ◆ protecting the State's \$3 billion per annum irrigation industry and iconic rivers and ensuring the long term sustainability of our freshwater resources for consumptive and environmental needs by working to maximise the benefits to New South Wales from the Australian Government's Water for Our Future Program, the National Water Initiative and the Australian Government Water Fund
- ◆ safeguarding the reliability of the State's electricity supplies by ensuring the National Electricity Market is operating effectively
- ◆ continuing governance, institutional and regulatory reform to build a stronger national energy market, thereby reducing the cost and complexity of regulation, enhancing regulatory certainty, lowering barriers to competition and improving the climate for investment
- ◆ improving national consistency in technical, safety and planning regulation as it applies to the energy sector through New South Wales's participation in the Ministerial Council on Energy
- ◆ reducing greenhouse gas emissions from the energy sector and increasing the proportion of energy supplied from renewable sources by ensuring energy policies take into account State Plan targets for greenhouse gas reduction and for renewable energy supply and
- ◆ providing an additional \$272.5 million over five years for the protection and support of vulnerable residential energy customers, such as pensioners and other low income earners.

2009-10 BUDGET INITIATIVES

Total Expenses

Estimated total expenses for the Department in 2009-10 will be \$589.4 million.

Major items include:

- ◆ pensioner rebates for energy of \$102.9 million, taking into account an increase to the pensioner energy rebate from \$112 to \$130 per pensioner per annum
- ◆ social program payments of \$139.4 million to Sydney and Hunter Water Corporations largely for pensioner, exempt property and unsewered area concessions
- ◆ \$61.7 million towards expenditure on the Country Towns Water Supply and Sewerage Program
- ◆ \$8.5 million for the Aboriginal Water Supply and Sewerage Program which provides funding to raise the service levels of water supply and sewerage in selected Aboriginal communities, including a \$3.3 million contribution from the NSW Aboriginal Land Council
- ◆ Government contributions to State Water Corporation of \$22 million, comprising capital and recurrent contributions as determined by the Independent Pricing and Regulatory Tribunal
- ◆ Energy Accounts Payment Assistance Program totalling \$20.6 million
- ◆ \$16.5 million as the State's share of operating costs and works programs for irrigation areas
- ◆ \$6.7 million for conserving and restoring groundwater resources of the Great Artesian Basin and
- ◆ an additional \$2 million towards completion of Water Sharing Plans under the *Water Management Act 2000*.

Capital Expenditure

The Department's capital expenditure program for 2009-10 is estimated at \$13 million. This comprises Australian Government funding of \$7 million for the upgrade and expansion of the hydrometric network, \$3.5 million for Water Management Information Systems projects and \$2.5 million for general plant and equipment including computers.

RESULT INDICATORS

Allocation of water between communities, industry, farmers and the environment is secure and sustainable

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Proportion of water extraction covered by commenced water sharing plans ^(a)	%	85	87	97	90	95
Reduction in over-allocation of groundwater systems ^(b)	%	n.a.	65	75	75	82

(a) This indicator contributes to the measurement of State Plan Priority E1. The target is, across NSW, to meet the commitments under the National Water Initiative to restore water extraction from rivers to sustainable levels. The volume of water extraction covered by water sharing plans in 2006-07 has been re-calculated to provide a more accurate assessment.

(b) This indicator shows progress on six groundwater plans under the Achieving Sustainable Groundwater Entitlements program, contributing towards the State Plan target for E1. The specific target for this result indicator is 100 per cent reduction by 2016.

Urban water supplies are reliable and sustainable and services across New South Wales are well managed, efficient and equitable

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Total volume of water recycled in Sydney ^(a)	GL	22.2	25.5	30.6	32.5	34.6
Proportion of requirements of Best Practice Management Guidelines for Water Supply and Sewerage met by local water utilities ^(b)	%	77	80	80	82	84
Proportion of "people often taking action to conserve water" ^(c)	%	79	81	85	75	80
Amount of water saved ^(c)	GL	49.1	64.8	80.3	80.3	111.6
Proportion of regional population which has access to water which complies with drinking water standards ^(d)	%	99	99	99	99	99

RESULT INDICATORS (CONT)

Urban water supplies are reliable and sustainable and services across New South Wales are well managed, efficient and equitable (cont)

- (a) This indicator contributes to the measurement of State Plan Priority E1. The target is to increase water recycling in Sydney from 15 billion litres per year to 70 billion litres of water per year by 2015 (1 billion litres = 1 gigalitre). The volume of water recycled in 2006-07 has been recalculated to provide a more accurate assessment.
- (b) This indicator shows progress towards State Plan (performance standards) targets through improvements in management of urban water services by local water utilities in non-metropolitan New South Wales. The proportion of requirements met in 2006-07 has been revised to provide a more accurate assessment.
- (c) This indicator contributes to the measurement of State Plan Priority E1. The target is to improve efficiency of water use in Sydney by saving 145 billion litres of water per year by 2015. This represents almost a 25 per cent reduction from Sydney's projected water demand in that year.
- (d) This indicator contributes to the measurement of State Plan Priority E1. The target is to meet reliability performance standards for water continuity and quality. More information on water continuity and quality can be found in the 'Results Summary' for priority E1 in the State Plan.

Energy supplies are reliable and sustainable, energy services are safe and efficient and the consumer protection framework is robust

Result Indicators:	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
Unplanned electricity outages ^(a)	SAIDI (mins)	135	130	135	135	131
GreenPower Sales - New South Wales ^(b)	GWh	350	448	570	564	710

- (a) This indicator contributes to the measurement of State Plan Priority E2. The State Plan target is to achieve average electricity reliability for New South Wales of at least 99.98 per cent by 2016. The actual result for 2006-07 was better than targeted. The equivalent SAIDI figure (System Average Interruption Index) of 98.98 per cent reliability is 105 minutes.
- (b) This indicator contributes to the measurement of State Plan Priority E2. The target is to source 10 per cent of electricity from renewable sources by 2010, rising to 15 per cent by 2020.

SERVICE GROUP STATEMENTS

45.1 Urban Water Utilities

Service Description: This service group covers: planning and policy development for urban water industries; coordination and review of the Metropolitan Water Plan; facilitating water recycling across New South Wales; leadership, guidance and technical assistance in best practice management, operation and maintenance for non-metropolitan urban water utilities; overseeing and monitoring utility performance; funding backlog water and sewerage infrastructure and providing emergency drought assistance.

Linkage to Results: This service group contributes to reliable and sustainable water supplies and well managed, efficient and equitable services across New South Wales by working towards a range of intermediate results that include the following:

- ◆ diversified water supplies are balanced with demand
- ◆ local water utility performance and management is enhanced
- ◆ value for money water infrastructure is in place
- ◆ water education, conservation and recycling programs are in place and
- ◆ customers have equitable access to water services and consumer protection support.

<u>Service Measures:</u>	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
Volume of sewerage effluent recycled in non-metropolitan New South Wales ^(a)	GL	30	32	33	33	34
Water supply and sewerage projects completed	no.	326	349	368	368	384
People aware of water savings devices or programs	%	72	73	75	75	76

(a) This indicator shows the total volume of sewerage effluent that is recycled in non-metropolitan New South Wales. The actual volume of sewerage recycled in 2006-07 has been recalculated to provide a more accurate assessment.

<u>Employees:</u>	FTE	69	80	80	67	67
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45 DEPARTMENT OF WATER AND ENERGY

SERVICE GROUP STATEMENTS (CONT)

45.1 Urban Water Utilities (cont)

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	188,977	186,654	219,387
Total expenses include the following:			
Sydney Water concession programs	111,957	111,957	128,356
Hunter Water concession programs	9,429	9,429	11,000
Country Towns Water Supply and Sewerage Scheme Program	52,386	53,236	61,655
NET COST OF SERVICES	177,222	177,292	200,043
CAPITAL EXPENDITURE	300	200	200

SERVICE GROUP STATEMENTS (CONT)

45.2 Water Management

Service Description: This service group covers the sharing of water to provide stimulus for businesses and social benefits, and to improve the condition of NSW rivers, wetlands and aquifers. Key services include: interstate water management; statutory water sharing planning; licence administration and compliance; water quantity and quality assessment; allocation of available water; development and implementation of water trading rules; and advice on ecosystem protection strategies and plans.

Linkage to Results: This service group contributes to the secure and sustainable allocation of water between communities, industry, farmers and the environment by working towards a range of intermediate results that include the following:

- ◆ water is available for business investment in rural and regional economies and
- ◆ water extraction is restored to sustainable levels.

<u>Service Measures:</u>	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
Water sharing arrangements in place or commenced ^(a)	%	45	41	65	65	80
<i>Water Act 1912</i> licences with volumetric entitlements converted to water access licences under <i>Water Management Act 2000</i>	%	30	31	40	40	50
Free flowing bores remaining to be controlled	no.	301	290	275	275	260

(a) The drop in percentage of water sharing plans between 2006-07 and 2007-08 was due to an overall increase in the number of plans as some water sharing plan areas were further subdivided.

<u>Employees:</u>	FTE	514	509	519	554	554
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45 DEPARTMENT OF WATER AND ENERGY

SERVICE GROUP STATEMENTS (CONT)

45.2 Water Management (cont)

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	150,188	176,652	197,499
Total expenses include the following:			
Subsidy to State Water	21,515	21,515	22,013
Irrigation area asset renewals	21,299	21,299	16,487
Rehabilitation of artesian bores	5,538	9,092	6,698
NET COST OF SERVICES	92,945	243,447	57,343
CAPITAL EXPENDITURE	9,483	12,203	12,611

SERVICE GROUP STATEMENTS (CONT)

45.3 Energy Supply and Use

Service Description: This service group covers: promoting and maintaining competition in energy supply markets; developing national energy market frameworks in partnership with other states; forecasting energy supply and demand; developing electricity and gas network and licensed pipeline regulation and monitoring performance; promoting renewable energy and energy saving schemes; and implementing consumer protection strategies for residential energy and urban water customers.

Linkage to Results: This service group contributes to reliable and sustainable energy supplies, safe and efficient services and support for vulnerable customers by working towards a range of intermediate results that include the following:

- ◆ New South Wales participates in an efficient national energy market
- ◆ network operators comply with an improved regulatory framework
- ◆ renewable energy and efficiency incentive programs are in place and
- ◆ a robust consumer protection framework exists for all energy customers as well as specific programs for protecting vulnerable customers.

<u>Service Measures:</u>	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
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Product registrations for energy labelling or minimum energy performance standards	no.	282	558	1,072	1,200	1,179
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Number of product registrations in 2006-07 has been revised to reflect a more accurate assessment.

<u>Employees:</u>	FTE	57	54	57	44	44
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45 DEPARTMENT OF WATER AND ENERGY

SERVICE GROUP STATEMENTS (CONT)

45.3 Energy Supply and Use (cont)

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	108,239	109,254	172,484
Total expenses include the following:			
Energy concessions	94,256	89,534	151,714
NET COST OF SERVICES	104,080	101,044	170,424
CAPITAL EXPENDITURE	358	238	238

45 DEPARTMENT OF WATER AND ENERGY

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
OPERATING STATEMENT			
Expenses Excluding Losses			
Operating expenses -			
Employee related	65,363	66,882	68,958
Other operating expenses	42,470	39,270	36,862
Depreciation and amortisation	5,738	6,063	10,259
Grants and subsidies	303,437	329,595	447,295
Finance costs	159	159	161
Other expenses	30,237	30,591	25,835
Total Expenses Excluding Losses	447,404	472,560	589,370
Less:			
Retained Revenue			
Sales of goods and services	43,470	50,054	47,701
Investment income	2,821	2,821	3,152
Grants and contributions	21,257	62,250	107,088
Other revenue	8,723	2,895	5,429
Total Retained Revenue	76,271	118,020	163,370
Gain/(loss) on disposal of non current assets	(1,560)	(1,560)	(1,560)
Other gains/(losses)	(1,554)	(165,683)*	(250)
NET COST OF SERVICES	374,247	521,783	427,810
RECURRENT FUNDING STATEMENT			
Net Cost of Services	374,247	521,783	427,810
Recurrent Services Appropriation	388,133	395,146	480,869
CAPITAL EXPENDITURE STATEMENT			
Capital Expenditure	10,141	12,641	13,049
Capital Works and Services Appropriation	8,798	8,798	6,049

* Loss is primarily due to reorganisation of Murray-Darling Basin joint venture arrangements. During the year, Murray-Darling Basin Commission's functions have been subsumed by the Australian Government's Murray-Darling Basin Authority (MDBA). As a result, New South Wales has relinquished control of Australian Government contributed funds, which are now under the control of the new MDBA.

45 DEPARTMENT OF WATER AND ENERGY

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
BALANCE SHEET			
ASSETS			
Current Assets			
Cash assets	46,190	53,201	49,211
Receivables	56,666	58,178	58,076
Other financial assets	302	381	397
Total Current Assets	103,158	111,760	107,684
Non Current Assets			
Other financial assets	710,736*	38,586	39,458
Property, plant and equipment -			
Land and building	23,974	20,978	20,449
Plant and equipment	3,165	7,378	13,100
Infrastructure systems	15,118	570,516*	632,370
Intangibles	15,863	14,820	17,198
Total Non Current Assets	768,856	652,278	722,575
Total Assets	872,014	764,038	830,259
LIABILITIES			
Current Liabilities			
Payables	24,269	37,777	37,780
Borrowings at amortised cost	156	184	200
Provisions	8,452	10,749	10,749
Other	9,579	...	...
Total Current Liabilities	42,456	48,710	48,729
Non Current Liabilities			
Borrowings at amortised cost	1,257	1,210	1,038
Provisions	524	113	113
Other	...	744	744
Total Non Current Liabilities	1,781	2,067	1,895
Total Liabilities	44,237	50,777	50,624
NET ASSETS	827,777	713,261	779,635

* Interest in joint venture has been replaced by direct interest in jointly controlled property, plant and equipment resulting from the Murray-Darling Basin Commission's functions being subsumed by the Australian Government's Murray-Darling Basin Authority during the year.

45 DEPARTMENT OF WATER AND ENERGY

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000

BALANCE SHEET (CONT)

EQUITY

Reserves	179,503	28,377	28,377
Accumulated funds	648,274	684,884	751,258
TOTAL EQUITY	827,777	713,261	779,635

45 DEPARTMENT OF WATER AND ENERGY

	2008-09		2009-10
	Budget \$000	Revised \$000	Budget \$000
CASH FLOW STATEMENT			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related	58,505	59,589	61,649
Grants and subsidies	304,237	330,395	448,165
Finance costs	159	159	161
Other	110,882	93,813	72,091
Total Payments	473,783	483,956	582,066
Receipts			
Sale of goods and services	43,370	49,955	47,601
Interest	2,721	2,721	2,952
Other	39,256	30,146	52,758
Total Receipts	85,347	82,822	103,311
NET CASH FLOWS FROM OPERATING ACTIVITIES	(388,436)	(401,134)	(478,755)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	840	840	840
Advance repayments received	198	198	212
Purchases of property, plant and equipment	(4,627)	(7,127)	(9,527)
Other	(5,514)	(5,514)	(3,522)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(9,103)	(11,603)	(11,997)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings and advances	(142)	(142)	(156)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(142)	(142)	(156)
CASH FLOWS FROM GOVERNMENT			
Recurrent appropriation	388,133	395,146	480,869
Capital appropriation	8,798	8,798	6,049
Cash transfers to Consolidated Fund	...	(10,614)	...
NET CASH FLOWS FROM GOVERNMENT	396,931	393,330	486,918
NET INCREASE/(DECREASE) IN CASH	(750)	(19,549)	(3,990)
Opening Cash and Cash Equivalents	46,940	72,750	53,201
CLOSING CASH AND CASH EQUIVALENTS	46,190	53,201	49,211

45 DEPARTMENT OF WATER AND ENERGY

	2008-09	
	Budget	Revised
	\$000	\$000
		2009-10
		Budget
		\$000

CASH FLOW STATEMENT (CONT)

CASH FLOW RECONCILIATION

Net cost of services	(374,247)	(521,783)	(427,810)
Non cash items added back	(15,645)	119,192	(52,610)
Change in operating assets and liabilities	1,456	1,457	1,665
Net cash flow from operating activities	(388,436)	(401,134)	(478,755)

DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

The Department is responsible to the Minister for State Development, the Minister for Regional Development, the Minister for Tourism, Minister for Science and Medical Research and the Minister for Small Business (Section 9).

The primary function of the Department is to contribute to Government policies and provide services to the business sector to achieve a competitive and diverse economy. The Department's aim is to develop innovative and sustainable businesses and industries that will increase productivity, employment and investment growth.

In order to deliver on these responsibilities, the Department was reorganised during the year to better service the Government's priorities for economic growth.

RESULTS AND SERVICES

The Department has the lead agency responsibility for managing the delivery of outcomes from the NSW Government's Jobs Summit, held in February 2009. The Department is also responsible for coordinating with partner agencies to ensure the delivery of the following State Plan priorities:

- ◆ P1: Increased business investment and increased tourist visitation.
- ◆ P6: Increased business investment in rural and regional New South Wales.

The Department aims to increase investment in, and productivity of, the State's economy to increase the number of rewarding and high skill jobs, by working towards the following results:

- ◆ Jobs are created and maintained in industries where the State has competitive advantage, including "green" skills and industries.
- ◆ Business investment is made by existing and new companies.
- ◆ There is an environment conducive to doing business in New South Wales.
- ◆ Sydney and New South Wales are attractive locations for investors, tourism, education and events.

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

Key service areas include programs and activities to:

- ◆ foster growth in jobs and investment by working with significant employers and major projects
- ◆ facilitate and support innovation and growth in small and medium businesses
- ◆ increase adoption of exporting as a business growth strategy
- ◆ develop the economic capacity of rural and regional New South Wales
- ◆ increase the State's science, research and development capacity and
- ◆ increase tourism through domestic and international marketing, communications and online programs.

The key services provided by the Department of State and Regional Development and the way in which they contribute to the results are set out in the following table:

Service Groups	2009-10 Budget Expenses \$m	Results			
		Increased jobs and investment	Industry and business development	Sydney and New South Wales as attractive locations	Improved business environment
Investment and Industry Development	62.9	✓	✓		
Enterprise, Small Business and Regional Development	90.4	✓	✓	✓	✓
International Markets and Trade	11.0	✓		✓	
Innovation, Research and Policy	52.7	✓	✓	✓	
Tourism	51.9	✓	✓	✓	✓
Total Expenses Excluding Losses	268.9				

RECENT ACHIEVEMENTS

During 2008-09, the Department worked to secure major investments in New South Wales with an estimated value of \$2.2 billion and an employment impact of over 8,000 jobs.

One of the significant projects attracted during 2008-09 was Virgin Blue's Embraer Jet Base. This project will generate investment of \$310 million and will employ 1,000 people when fully operational.

The Department assisted Volgren to establish a bus manufacturing plant in Newcastle. The company will invest \$18 million and employ 150 people.

The Department attracted three major film productions in 2008-09: *Happy Feet 2*, *Guardians of Ga'Hoole* and *Green Lantern*. More than 1,100 jobs will be created by these projects, with an estimated production expenditure of more than \$350 million.

Chinese automotive company Geely acquired the transmission plant in Albury previously owned by Drivetrain Systems International, securing ongoing employment for 132 people. The Department also helped retain 80 jobs in semiconductor manufacturer, Peregrine, which was at risk of closure.

The Department coordinated a major business mission to the Middle East, aimed at encouraging trade and promoting New South Wales as an investment location. In addition, the Department organised 14 trade missions and exhibitions, involving 120 companies, as well as 127 Independent Market visits. Projected export sales by the companies as a result of these activities will exceed \$108 million.

Recently, the Government introduced the *Homebush Motor Racing (Sydney 400) Act 2008*, to facilitate the V8 Supercar racing event at Sydney Olympic Park for five years, commencing in 2009. The Department executed a deed of agreement with the proponents of the event to facilitate staging of the event.

Twelve Regional Business Growth Plans have been approved, providing a blueprint for collaboration between agencies and with local governments, Regional Development Boards, and other business stakeholders. This is expected to contribute to the achievement of the State Plan's priority P6 for regional business and economic growth.

A month long event called Small Business September 2008 was held, promoting small businesses and attracting 40,000 participants. Home Based Business Week and Western Sydney Manufacturing Week were also conducted in May 2009 to further support small businesses.

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

The Government established the Office of the NSW Chief Scientist and Scientific Engineer and appointed Professor Mary O’Kane to the position. The NSW Research Partnerships Program was established to win major research centres for New South Wales, supported by better coordination of Government research capabilities through the NSW Science Agencies Group.

The Government has allocated funding of \$15 million over three years to support the establishment of the Illawarra Health and Medical Research Institute. This will provide critical infrastructure support to underpin research activities in New South Wales.

During 2008-09, Tourism NSW finalised the NSW Tourism Strategy which is supported by an additional \$40 million investment by the NSW Government over four years. This will be matched by increased industry investment estimated at \$20 million.

STRATEGIC DIRECTIONS

The Department adopts a whole-of-government approach to its role under the State Plan and will focus on implementing the initiatives arising from the Premier’s Jobs Summit. The Department’s recent reorganisation has created teams aligned to 13 industry sectors addressed by the Summit. Senior Departmental officers are the single points of contact for companies with significant investment projects in five of these sectors: tourism and hospitality, finance and insurance, information and communications technology, manufacturing, and retail.

New South Wales is being impacted by the slowdown in global economic growth, and pressures on employment are expected to continue in 2009-10. To contribute to sustainable jobs and to an improving economy, the Department will place emphasis on assisting businesses to survive and maintain jobs.

The new departmental structure will include a Sydney Operations Team to work closely with local government to deliver programs and services to small and medium enterprises in the Sydney metropolitan area. The Department will also establish formal agreements with selected local government authorities to facilitate business investment opportunities in regional New South Wales.

An agreement has been reached by the State and the Federal Government to merge the NSW Government’s Regional Development Boards with the Australian Government’s Area Consultative Committees to establish a network of Regional Development Australia Committees, operational from 1 July 2009. Key priority areas for the new committees will be regional planning, employment generation and social inclusion, particularly around employment opportunities for disadvantaged groups in the community.

2009-10 BUDGET INITIATIVES

Total Expenses

The Department's total expenses in 2009-10 are estimated at \$268.9 million.

The Government's response to the Jobs Summit comprised a package of measures to support jobs during the global economic downturn, including:

- ◆ \$70 million over four years for the Major Investment Attraction Scheme, a financial incentive package to attract large projects to New South Wales
- ◆ \$2.3 million over five years in additional funding for the Industry Capability Network which assists local businesses to bid for government projects (\$453,00 in 2009-10) and
- ◆ grants of up to \$2,500 per person to support retrenched apprentices and trainees.

The second round of initiatives in the Government's response to the Jobs Summit includes:

- ◆ the establishment of two employment funds at a cost of \$19 million over two years to assist businesses establishing or expanding: a Western Sydney Employment Fund (\$4.4 million in 2009-10) and a Regional NSW Employment Fund (\$2.6 million in 2009-10)
- ◆ \$6 million to retrain workers who have lost their jobs to assist them return to work (\$3 million in 2009-10)
- ◆ \$5 million to support the NSW production of Australian based screen projects (see Film and Television Office page 2-130)
- ◆ \$3 million per annum to engage project managers to ensure efficient and timely delivery of major planning issues (see Department of Planning page 17-5)
- ◆ \$2.4 million in 2009-10 to help councils speed up development assessments and rezonings (see Department of Planning page 17-5) and
- ◆ \$1.5 million per annum to assist in additional supply of employment land (see Department of Planning page 17-5).

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

Initiatives for 2009-10 will include establishing four international offices: in China (Shanghai and Guangzhou), India (Mumbai) and the United Arab Emirates (Abu Dhabi) as part of the Government's program to attract new business investment, grow exports, increase NSW market share of tourism and international students, and promote Sydney's global city profile.

The Department will support tourism in New South Wales through continued implementation of the \$40 million NSW Tourism Strategy and development of a Tourism Industry Plan in partnership with the tourism industry. Increasing investment in targeted local and international campaigns is also a key focus for Tourism NSW.

The Department will work with other agencies to deliver new programs under the \$85 million Building the Country Package, over five years from 1 January 2009, to assist country businesses and communities. The package includes initiatives for local infrastructure, community broadband development, water adjustment, and support for small chambers of commerce, country halls and libraries. In addition, a total of over \$20 million will be extended to small and medium businesses in all parts of the State to support jobs growth and retention through improved business skills, expanded markets and the adoption of innovative business practices.

A special assistance package of up to \$10 million per year for two years is being introduced to protect and increase export and employment opportunities in the Western and Gunnedah coalfields.

To support NSW medical research capability, \$27.3 million will be available as grants. An amount of \$10 million is also being allocated to attract Australian Government funding for science and other research, including initiatives to improve the connections between research organisations and industry.

The Department will also manage the provision of Government services and support for the V8 Supercars event at Sydney Olympic Park.

Capital Expenditure

The Department's capital expenditure program for 2009-10 is \$479,000. Of this, an amount of \$300,000 has been allocated to improve road-side signage of tourism attractions across the State. The balance \$179,000 will be spent on minor works including the replacement of equipment.

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

RESULT INDICATORS

Increased jobs and investment

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Investment committed:						
Metropolitan	\$m	1,109	465	420	1,350	420
Regional	\$m	1,612	791	850	870	850
Employment impact of investment committed:						
Metropolitan	no.	2,312	4,130	2,100	4,740	2,100
Regional	no.	4,125	5,281	4,000	4,030	4,000
Rate of employment growth in small and medium enterprise clients	%	13	14	10	10	10
Private business investment ^(a)	\$b	39	45	49	48	48
New employment by start-up and small businesses	no.	4,005	4,546	3,500	3,500	3,500

(a) This indicator contributes to the measurement of State Plan Priorities P1 and P6. The target under the State Plan is to double the level of new business investment from around \$40 billion per annum in 2006 to around \$80 billion per annum in 2016. Data sourced from the ABS National Accounts.

Industry and business development

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Export growth by small and medium enterprise clients	\$m	202	176	80	90	90
NSW share of new company registrations	%	31.2	30.0	32.5	32.5	33.0
Local industry participation in major projects:						
Metropolitan	\$m	24	54	50	70	50
Regional	\$m	190	149	90	170	90

RESULT INDICATORS (CONT)

Sydney and New South Wales are attractive locations

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
Growth in total NSW visitor nights ^(a)	mill	136.0	139.0	138.0	138.0	138.1
Growth in visitor expenditure	\$b	17.4	18.0	18.2	18.2	18.0
Maintain greater market share of total visitor nights in Australia ^(b)	%	31.5	31.5	29.3	31.8	30.6
Sydney city brand ranking ^(c)	Rank	1	1	Top 5	Top 5	Top 5
Business confidence in New South Wales compared to the national figure ^(d)	%	equal to national rate	lower than national rate	equal to national rate	equal to national rate	equal to national rate

(a) This indicator contributes to the measurement of State Plan Priorities P1 and P6. The target is to increase tourist visitation to New South Wales by an additional 10 million visitor nights by 2016, compared to 2004-05.

(b) Above 30 per cent share.

(c) Anholt-GMI city brands index.

(d) National Australia Bank quarterly business survey.

Improved business environment

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Result Indicators:</u>						
NSW allocation of major Australian Government research funds	\$m	273	311	311	338	304
Jobs supported/retained from NHMRC, ARC and NICTA ^(a)	no.	2,065	2,230	2,530	2,820	2,470
Businesses accessing research infrastructure through CIAP ^(b)	no.	n.a.	n.a.	n.a.	n.a.	80
Small and medium enterprises reporting innovation:						
Research and development or new product development	%	50	51	50	50	50
Marketing a new or improved product or service	%	55	59	55	55	55

(a) NHMRC - National Health and Medical Research Council, ARC - Australian Research Council, NICTA - National Information Communication Technology Australia.

(b) CIAP - Collaborative Infrastructure Access Program which is a component of the Science Leveraging Fund.

SERVICE GROUP STATEMENTS

46.1 Investment and Industry Development

Service Description: This service group covers undertaking industry specific analysis for the identified priority areas based on market intelligence and consultation with stakeholders both internal and external to Government and investment attraction for large projects. This includes the development and implementation of industry and sectoral plans to proactively drive industry growth at a State and regional level in line with State Plan targets.

Linkage to Results: This service group contributes by working towards a range of intermediate results that include the following:

- ◆ increased number of jobs in Sydney and regional New South Wales
- ◆ increased capital investment in New South Wales
- ◆ jobs retained in targeted sectors and vulnerable locations
- ◆ firms win supply chain business with large private and public sector contracts and projects including international markets and
- ◆ business and industry adopt innovative technologies, processes, products and services.

<u>Service Measures:</u>	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
Metropolitan projects facilitated or financially assisted:						
Investment projects assisted	no.	22	25	25	25	25
Funding required to assist investment projects	\$m	2	17	7	7	7
Regional projects facilitated or financially assisted:						
Investment projects assisted	no.	156	297	200	260	150
Funding required to assist investment projects	\$m	12	29	15	18	15
Investment clients satisfied with assistance	%	82	89	80	80	80
<u>Employees:</u>	FTE	n.a.	n.a.	56	56	56

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

SERVICE GROUP STATEMENTS (CONT)

46.1 Investment and Industry Development (cont)

	2008-09		2009-10
	Budget \$000	Revised \$000	Budget \$000
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	33,030	38,446	62,891
Total expenses include the following:			
Assistance to industry	10,600	16,775	22,148
Assistance package for the Western and Gunnedah Coalfields	...	...	10,000
Major Investment Attraction Scheme	...	1,900	10,000
Industry Capability Network	1,247	1,247	1,700
Katoomba Echo Point Development	3,000	225	1,000
National ICT Centre of Excellence	5,000	5,000	5,000
Australian Technology Showcase	1,000	1,000	1,000
Innovation and Biotechnology Strategies	3,136	3,136	3,136
NET COST OF SERVICES	32,658	38,106	62,673
CAPITAL EXPENDITURE	774	774	179

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

SERVICE GROUP STATEMENTS (CONT)

46.2 Enterprise, Small Business and Regional Development

Service Description: This service group covers providing strategic support to increase employment and investment growth in regional and metropolitan areas, with a focus on local infrastructure and small and medium enterprises.

Linkage to Results: This service group contributes by working towards a range of intermediate results that include the following:

- ◆ increased business investment and employment in regional New South Wales
- ◆ increased competitive position of small and medium enterprises
- ◆ new businesses start and employment grows
- ◆ regional communities identify and promote business opportunities and
- ◆ small businesses access information to expand markets and adopt improved business practices.

<u>Service Measures:</u>	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
Regional businesses assisted through small business programs	no.	3,813	4,175	2,900	2,900	3,000
Regional communities assisted	no.	82	50	40	70	70
Business development events:						
Events	no.	496	441	400	500	500
Participants	no.	20,634	26,703	20,000	50,000	50,000
Businesses assisted through small business programs	no.	n.a.	2,400	1,700	1,900	1,700
Total services provided to micro and start-up business clients	no.	380,216	277,987	135,000	135,000	135,000
Retail Tenancy Unit:						
Mediations	no.	350	375	300	340	350
Informal mediations	no.	8,150	7,100	7,000	7,500	7,500
Bonds lodged	no.	13,200	16,000	16,000	16,800	17,800
<u>Employees:</u>	FTE	n.a.	n.a.	125	129	128

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

SERVICE GROUP STATEMENTS (CONT)

46.2 Enterprise, Small Business and Regional Development (cont)

	2008-09		2009-10
	Budget \$000	Revised \$000	Budget \$000
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	54,725	54,139	90,348
Total expenses include the following:			
Regional Development Boards	1,690	1,850	...
Building the Country Program	...	2,500	25,500
Illawarra Advantage Fund	1,000	1,200	2,000
Illawarra "green" jobs	...	...	250
Hunter Advantage Fund	593	1,000	1,593
Hunter "green" jobs	...	...	250
Payroll Tax Incentive Scheme	13,000	9,000	11,400
Regional Development Assistance	11,754	11,087	12,644
Western Sydney Employment Fund	...	...	4,400
Regional NSW Employment Fund	...	...	2,600
Support for workers who have lost their jobs	...	...	3,000
Business Drought Assistance	...	1,200	1,000
Small business programs	3,119	2,319	2,319
Business advisory services	3,000	3,000	2,500
Retail tenancy mediation services	1,599	1,599	1,361
NET COST OF SERVICES	52,692	52,044	87,821

SERVICE GROUP STATEMENTS (CONT)

46.3 International Markets and Trade

Service Description: This service group covers identifying priority industries and markets for export opportunities and potential inbound investment attraction. This includes managing NSW's overseas presence via missions, trade desks, overseas offices providing a one-stop shop for international businesses and for export ventures of NSW Government agencies.

Linkage to Results: This service group contributes by working towards a range of intermediate results that include the following:

- ◆ increased export sales from New South Wales
- ◆ increased number of new investors to New South Wales
- ◆ overseas offices are established to support Government's offshore strategies and
- ◆ business migrants are secured for New South Wales.

	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
<u>Service Measures:</u>						
Small and medium businesses assisted by trade programs	no.	1,700	1,700	1,700	1,700	1,800
Clients visiting export markets missions/exhibitions	no.	120	120	120	120	150
Individual market visits for clients supported by the Department	no.	115	127	80	180	150
Clients under management by export advisors	no.	650	640	600	580	600
<u>Employees:</u>	FTE	n.a.	n.a.	45	45	62

2008-09		2009-10
Budget	Revised	Budget
\$000	\$000	\$000

Financial Indicators:

Total Expenses Excluding Losses	8,178	9,385	11,030
Total expenses include the following:			
Trade Programs	800	1,800	1,800
NET COST OF SERVICES	7,509	8,822	10,098

SERVICE GROUP STATEMENTS (CONT)

46.4 Innovation, Research and Policy

Service Description: This service group covers the research and development, analysis and stakeholder engagement activities required to help drive innovation, increase competitiveness and economic growth.

Linkage to Results: This service group contributes by working towards a range of intermediate results that include the following:

- ◆ New South Wales wins a greater share of Australian Government research funds
- ◆ research concentrations are developed in alignment with business, industry and Government priorities
- ◆ knowledge and skills clearly focussed on what business and industry require to become more internationally competitive and innovative and
- ◆ increased number of businesses innovating.

<u>Service Measures:</u>	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
Science and medical research projects:						
Grants	no.	30	28	53	53	52
Funding to assist science and medical research projects	\$m	44	32	34	34	32
Advice and partnerships on significant State and national policy and regulatory initiatives	no.	25	25	25	25	25
Major stakeholder consultation and advisory forums	no.	40	35	35	35	35
<u>Employees:</u>	FTE	n.a.	n.a.	69	80	80

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

SERVICE GROUP STATEMENTS (CONT)

46.4 Innovation, Research and Policy (cont)

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	46,320	52,419	52,711
Total expenses include the following:			
Medical Research Support Grants	22,331	22,331	22,331
Illawarra Medical Research Institute	...	5,000	5,000
Science Leveraging Fund	10,000	10,000	10,000
Innovation and Biotechnology Strategies	664	664	664
NET COST OF SERVICES	45,931	52,145	52,412

SERVICE GROUP STATEMENTS (CONT)

46.5 Tourism

Service Description: This service group covers promoting New South Wales to domestic and international tourism markets and providing opportunities for an increase in jobs and tourist expenditure.

Linkage to Results: This service group contributes by working towards a range of intermediate results that include the following:

- ◆ Sydney and regional New South Wales are positioned as attractive visitor destinations
- ◆ international and domestic tourism expenditure grows
- ◆ market share of visitor nights for Sydney and regional New South Wales is maintained retaining the State's number one position
- ◆ increased number of opportunities for the tourism industry to partner in Tourism NSW initiatives and
- ◆ business leads are generated for tourism operators.

<u>Service Measures:</u>	Units	2006-07 Actual	2007-08 Actual	2008-09 Forecast	2008-09 Revised	2009-10 Forecast
Consideration of visiting New South Wales for a domestic holiday or a short break	%	80	80	80	83	80
Visits to Tourism website	mill	2.0	2.5	2.8	3.6	3.8
Business leads generated for tourism operators	mill	n.a.	n.a.	0.4	0.6	0.7
Industry investment in marketing activities:						
Direct	\$m	4.5	4.7	5.0	4.2	4.0
Indirect	\$m	n.a.	n.a.	n.a.	1.5	3.0
Equivalent advertising value of publicity generated	\$m	95	95	95	98	95
<u>Employees:</u>	FTE	n.a.	n.a.	145	116	116

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

SERVICE GROUP STATEMENTS (CONT)

46.5 Tourism (cont)

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
<u>Financial Indicators:</u>			
Total Expenses Excluding Losses	43,633	47,318	51,917
Total expenses include the following:			
Tourism Project and Marketing Activities	22,672	25,107	30,398
Grants to Regional Tourism Organisations	1,633	3,383	5,133
NET COST OF SERVICES	36,893	41,221	46,486
CAPITAL EXPENDITURE	300	300	300

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
OPERATING STATEMENT			
Expenses Excluding Losses			
Operating expenses -			
Employee related	48,978	47,803	50,329
Other operating expenses	18,876	21,295	17,949
Depreciation and amortisation	1,393	1,393	1,453
Grants and subsidies	59,794	60,628	65,457
Other expenses	56,845	70,588	133,709
Total Expenses Excluding Losses	185,886	201,707	268,897
Less:			
Retained Revenue			
Sales of goods and services	635	137	300
Investment income	2,818	2,818	2,883
Grants and contributions	6,350	6,024	6,018
Other revenue	400	406	206
Total Retained Revenue	10,203	9,385	9,407
Gain/(loss) on disposal of non current assets	...	(16)	...
NET COST OF SERVICES	175,683	192,338	259,490
RECURRENT FUNDING STATEMENT			
Net Cost of Services	175,683	192,338	259,490
Recurrent Services Appropriation	170,752	187,302	254,226
CAPITAL EXPENDITURE STATEMENT			
Capital Expenditure	1,074	1,074	479
Capital Works and Services Appropriation	1,074	1,074	479

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

	2008-09		2009-10
	Budget \$000	Revised \$000	Budget \$000
BALANCE SHEET			
ASSETS			
Current Assets			
Cash assets	24,218	24,989	23,377
Receivables	8,032	8,926	8,926
Assets held for sale	764	764	764
Other	...	44	44
Total Current Assets	33,014	34,723	33,111
Non Current Assets			
Other financial assets	469	12	12
Property, plant and equipment -			
Land and building	2,635	2,635	2,635
Plant and equipment	5,411	5,467	4,630
Intangibles	505	505	368
Total Non Current Assets	9,020	8,619	7,645
Total Assets	42,034	43,342	40,756
LIABILITIES			
Current Liabilities			
Payables	4,248	8,843	8,770
Provisions	4,940	4,687	4,687
Other	178	10	...
Total Current Liabilities	9,366	13,540	13,457
Non Current Liabilities			
Provisions	38	35	57
Other	1,409	1,395	1,350
Total Non Current Liabilities	1,447	1,430	1,407
Total Liabilities	10,813	14,970	14,864
NET ASSETS	31,221	28,372	25,892
EQUITY			
Reserves	662	662	662
Accumulated funds	30,559	27,710	25,230
TOTAL EQUITY	31,221	28,372	25,892

46 DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

	2008-09		2009-10
	Budget	Revised	Budget
	\$000	\$000	\$000
CASH FLOW STATEMENT			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related	45,073	45,073	47,962
Grants and subsidies	63,594	64,428	69,257
Other	80,056	96,140	155,937
Total Payments	188,723	205,641	273,156
Receipts			
Sale of goods and services	635	61	300
Interest	2,818	2,818	2,883
Other	14,664	14,344	14,135
Total Receipts	18,117	17,223	17,318
NET CASH FLOWS FROM OPERATING ACTIVITIES	(170,606)	(188,418)	(255,838)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	...	2	...
Purchases of property, plant and equipment	(1,074)	(1,074)	(479)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,074)	(1,072)	(479)
CASH FLOWS FROM GOVERNMENT			
Recurrent appropriation	170,752	187,302	254,226
Capital appropriation	1,074	1,074	479
NET CASH FLOWS FROM GOVERNMENT	171,826	188,376	254,705
NET INCREASE/(DECREASE) IN CASH	146	(1,114)	(1,612)
Opening Cash and Cash Equivalents	24,072	26,103	24,989
CLOSING CASH AND CASH EQUIVALENTS	24,218	24,989	23,377
CASH FLOW RECONCILIATION			
Net cost of services	(175,683)	(192,338)	(259,490)
Non cash items added back	5,119	3,944	3,758
Change in operating assets and liabilities	(42)	(24)	(106)
Net cash flow from operating activities	(170,606)	(188,418)	(255,838)

NSW FOOD AUTHORITY

The NSW Food Authority is responsible for ensuring food safety and compliance with food standards from production on-farm, or by harvest or catch, through processing and manufacture to retail and service of food. The role of the Authority is to improve food safety, reduce food-borne illness and improve the general health of the community. The Authority also supports and assists the food regulatory activities of local councils, all of which are appointed enforcement agencies under the *Food Act 2003*.

RESULTS AND SERVICES

The Authority contributes to building healthier communities and a stronger NSW economy by working towards the following results:

- ◆ The food regulatory framework in New South Wales is sound and the food industry is aware of and complies with food regulatory requirements.
- ◆ Consumers are educated and handle food safely and properly.
- ◆ Food is correctly labelled and identified.
- ◆ Costs to industry are minimised and market access increased by coordinated state, local and Australian Government food regulation.

Key services provided by the Authority to contribute to these results include:

- ◆ developing, evaluating and reviewing the food regulatory framework
- ◆ consulting and communicating with industry and providing training and advice
- ◆ monitoring NSW food industry compliance with regulatory requirements by licensing food businesses and auditing and inspecting their operations
- ◆ investigating consumer and food industry complaints and taking enforcement action for breaches of food laws
- ◆ informing and educating the public on safe and proper food handling and providing a single point of contact for food safety issues for consumers and industry and
- ◆ communicating and coordinating with other government agencies.

NSW FOOD AUTHORITY

The key services provided by the NSW Food Authority and the way in which they are expected to contribute to results are set out in the following table:

Service Groups	2009-10 Budget Expenses \$m	Results			
		Consumers make safe and informed choices	Fewer people get ill or injured through eating food	NSW Food Industry is reputable innovative and competitive	State/Local/ Australian Governments food regulations
Science, Standards and Communication	6.7	✓	✓	✓	✓
Compliance, Investigation and Enforcement	14.1	✓	✓	✓	✓
Total Expenses Excluding Losses	20.8				

RECENT ACHIEVEMENTS

Projected expenditure for 2008-09 is \$35.2 million, comprising \$21.4 million of recurrent expenses similar to that of recent years, along with additional employee related expenditure of \$13.8 million to recognise the revaluation of superannuation liabilities. Key initiatives and developments during the year include:

- ◆ continued implementation of the Food Regulation Partnership Model with the local government sector, including the conduct of local government forums, communication and training programs to which the Government has contributed \$1.2 million
- ◆ continued development of the Byte system for managing interactions with NSW food businesses including management of food-borne illnesses to enable timely intervention to prevent their spread
- ◆ remake of the *Food Regulation 2004* including review of the current regulation and further consolidation of food safety schemes
- ◆ new regulatory arrangements for hospitals, aged care facilities and delivered meals organisations and continued development of other arrangements for childcare facilities
- ◆ continued work on implementation of an egg food safety scheme

NSW FOOD AUTHORITY

- ◆ development and piloting of a framework to evaluate the impact of the Authority's regulatory and non-regulatory food safety interventions
- ◆ continued contribution to the development of national policies and standards, including the Food Standards Code and
- ◆ development of a package of initiatives to reduce food-borne illness in the hospitality sector.

STRATEGIC DIRECTIONS

The Authority's mission is to ensure that food in New South Wales is safe and correctly labelled, and that consumers are able to make informed choices about the food they eat.

The Authority's key strategies for achieving this are:

- ◆ providing the regulatory framework for industry to produce safe and correctly labelled food and ensuring industry compliance through advice and training and consistent interpretation and enforcement of requirements
- ◆ informing and educating consumers about food safety and how to make appropriate choices about food consumption and
- ◆ being the State's recognised authority and reference point on food safety.

2009-10 BUDGET INITIATIVES

Total Expenses

The Authority is funded on a shared basis by the Government and industry with the Government contributing \$11.4 million in 2009-10 toward the agency's total planned expenditure of \$20.8 million. Expenditure relates mainly to the provision of food safety audit, compliance, enforcement, scheme development, implementation and licensing services along with communication, consumer information and education, policy and scientific services.

Total expenditure in 2009-10 is \$14.3 million below the revised budget for 2008-09 of \$35.2 million. The 2008-09 budget was revised to include \$1 million for additional legal expenditure and \$13.8 million in employee related expenditure to recognise the revaluation of superannuation liabilities.

NSW FOOD AUTHORITY

The 2009-10 budget includes government funded expenditure of \$10.5 million for food regulatory activities and additional government expenditure of \$850,000 toward the continued implementation of the food regulation partnership model with local government. This has involved establishment of a framework for the administration, support and coordination of local government's role in food regulation and includes a communications program and training for local government officers.

Capital Expenditure

The Authority's capital expenditure program is estimated at \$1.7 million in 2009-10. This includes \$600,000 for the purchase of replacement motor vehicles and \$1.1 million on information technology and other equipment.

NSW FOOD AUTHORITY

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
OPERATING STATEMENT			
Retained Revenue			
Sales of goods and services	1,771	1,897	1,929
Investment income	1,100	1,100	1,100
Retained taxes, fees and fines	6,221	5,991	6,443
Grants and contributions	11,747	11,747	11,398
Total Retained Revenue	20,839	20,735	20,870
Less:			
Expenses Excluding Losses			
Operating Expenses -			
Employee related	13,819	27,560	14,214
Other operating expenses	6,285	6,909	5,946
Depreciation and amortisation	720	686	683
Total Expenses Excluding Losses	20,824	35,155	20,843
Gain/(loss) on disposal of non current assets	...	(200)	...
SURPLUS/(DEFICIT)	15	(14,620)	27

NSW FOOD AUTHORITY

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
BALANCE SHEET			
ASSETS			
Current Assets			
Cash assets	2,720	11,950	11,690
Receivables	1,618	1,248	1,279
Other financial assets	8,406	...	...
Total Current Assets	12,744	13,198	12,969
Non Current Assets			
Property, plant and equipment -			
Land and building	5,834	6,085	5,902
Plant and equipment	2,777	1,998	2,653
Intangibles	2,579	2,277	2,322
Other	1,731	...	...
Total Non Current Assets	12,921	10,360	10,877
Total Assets	25,665	23,558	23,846
LIABILITIES			
Current Liabilities			
Payables	1,950	1,601	1,641
Provisions	4,549	4,797	4,988
Other	1,178	1,218	1,248
Total Current Liabilities	7,677	7,616	7,877
Non Current Liabilities			
Provisions	...	12,171	12,171
Total Non Current Liabilities	...	12,171	12,171
Total Liabilities	7,677	19,787	20,048
NET ASSETS	17,988	3,771	3,798
EQUITY			
Accumulated funds	17,988	3,771	3,798
TOTAL EQUITY	17,988	3,771	3,798

NSW FOOD AUTHORITY

	2008-09		2009-10 Budget \$000
	Budget \$000	Revised \$000	
CASH FLOW STATEMENT			
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services	1,771	1,897	1,929
Retained taxes	1,000	1,000	1,000
Interest	1,100	1,100	1,100
Other	17,479	17,526	17,333
Total Receipts	21,350	21,523	21,362
Payments			
Employee related	13,730	13,626	14,023
Other	6,797	7,628	6,403
Total Payments	20,527	21,254	20,426
NET CASH FLOWS FROM OPERATING ACTIVITIES	823	269	936
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	500	500	500
Proceeds from sale of investments	307	...	...
Purchases of property, plant and equipment	(960)	(789)	(1,351)
Other	(720)	(767)	(345)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(873)	(1,056)	(1,196)
NET INCREASE/(DECREASE) IN CASH	(50)	(787)	(260)
Opening Cash and Cash Equivalents	2,770	12,737	11,950
CLOSING CASH AND CASH EQUIVALENTS	2,720	11,950	11,690
CASH FLOW RECONCILIATION			
Surplus/(deficit) for year	15	(14,620)	27
Non cash items added back	720	686	683
Change in operating assets and liabilities	88	14,203	226
Net cash flow from operating activities	823	269	936