

MINISTER FOR ENERGY AND UTILITIES AND MINISTER FOR SCIENCE AND MEDICAL RESEARCH

MINISTRY OF ENERGY AND UTILITIES

The Ministry of Energy and Utilities (the Ministry) was expanded on 2 April 2003 to include the State Water and Town Water and Recycling functions from the former Department of Land and Water Conservation.

EXPENDITURE TRENDS AND RECENT DEVELOPMENTS

Total expenditure for 2002-03 has been estimated at \$224.1 million. This includes the full year expenditure relating to the transferred State Water and Town Water and Recycling functions from the former Department of Land and Water Conservation on 2 April 2003.

The budget for grants and subsidies increased from \$80 million to \$144.4 million during 2002-03, due to the Country Towns Water Supply and Sewerage (CTWSS) Program being transferred to the Ministry as part of the Town Water and Recycling Branch.

In 2003-04, the budget for grants and subsidies increases to \$162.2 million. The increase of \$17.8 million is primarily due to:

- ◆ the Energy Accounts Payment Assistance Scheme (\$8.3 million) being transferred to the Ministry from the Department of Community Services;
- ◆ an increase in the Pensioner Energy Rebate Scheme of \$3.6 million, due to increasing pensioner numbers and normal escalation; and
- ◆ payments from the CTWSS Program increasing by \$4.1 million.

STRATEGIC DIRECTIONS

The Ministry of Energy and Utilities provides the Minister for Energy and Utilities with strategic policy, legislative and regulatory advice in relation to the State's energy sector, urban and rural water utilities, and related social programs. The Ministry is also responsible for bulk water delivery services in non-urban areas through State Water.

In collaboration with other government agencies, the energy industry, consumer interest groups, NSW water utilities and other stakeholders, the Ministry assists the Government in choosing and implementing the best strategies for promoting the efficient, safe, reliable and ecologically sustainable supply and use of energy and water services. The Ministry also collaborates to develop and implement appropriate frameworks to improve the performance of the energy and water industries.

The Ministry is focused on ongoing competition reform of the State's natural gas and electricity markets, the sustainable use of energy and water, integrated water cycle management, safety, and supply reliability.

In particular, the Ministry provides the following services:

- ◆ policy advice on the future directions of energy and water in New South Wales;
- ◆ administration of regulatory frameworks that facilitate the operation of safe, reliable, technically efficient and environmentally responsible energy and water utility networks;
- ◆ management of social and other funding programs, including energy rebates, the Energy Accounts Payment Assistance Scheme, and the CTWSS Program;
- ◆ a single, integrated bulk water delivery service (State Water) covering asset management, water delivery and commercial management; and
- ◆ monitoring water utility performance in non-urban New South Wales, including audit, benchmarking and statewide reporting.

In addition, the Ministry will:

- ◆ continue to monitor the ongoing effectiveness of full retail competition for gas and electricity;
- ◆ monitor the performance and compliance of the NSW water utility industry's progress towards meeting Council of Australian Governments and National Competition Policy commitments;
- ◆ enhance Government and private sector understanding of the State's energy reserves, future demand and supply scenarios, and development opportunities through the Statement of System Opportunities;

- ◆ in conjunction with Treasury advise the Minister on policy issues raised at the National Electricity Market Ministers Forum, and actively contribute to the Ministerial Council on Energy;
- ◆ monitor and refine the electricity retailer greenhouse benchmark penalties scheme;
- ◆ implement Integrated Water Cycle Management to assist non-urban water utilities implement sustainable planning activities; and
- ◆ further improve asset management planning to ensure State Water's infrastructure performs in accordance with agreed levels of service at minimum whole of life cost.

2003-04 BUDGET

Total Expenses

Total expenses in 2003-04 for the Ministry of Energy and Utilities are estimated at \$242.8 million.

Major expenditures include:

- ◆ \$68.1 million towards the delivery of water supply and sewerage projects in country towns;
- ◆ \$83.7 million for pensioner energy and electricity life support rebates;
- ◆ \$8.3 million for the Energy Accounts Payment Assistance program; and
- ◆ \$70.2 million for operating, maintenance, metering and other expenditures in delivering bulk water to rural and regional customers.

Asset Acquisitions

Total asset acquisitions in 2003-04 are estimated at \$24.8 million. Major acquisitions include:

- ◆ \$1.5 million for building works at various dams sites;
- ◆ \$6.1 million for flood security and upgrade works at Blowering, Burrendong, Chaffey, Copeton, Keepit and Wyangala dams;
- ◆ \$0.4 million for essential works on redundant dams;

- ◆ \$5 million to rehabilitate river structures;
- ◆ \$4 million to undertake periodic maintenance programs at major storages;
- ◆ \$3.6 million to upgrade Warren and Gunningbar weirs on the Macquarie River to ensure efficient supplies for stock, domestic and irrigation users and town water to Nyngan and Cobar; and
- ◆ \$3 million towards the development of a Total Asset Management Plan for water infrastructure.