

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

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**OVERVIEW**

<i>Agency</i>	<i>2007-08 Budget \$m</i>	<i>2008-09 Budget \$m</i>	<i>Variation %</i>
<b>Department of Primary Industries</b>			
Total Expenses .....	449.7	442.6	-1.6
Capital Expenditure .....	23.1	24.1	4.0
<b>New South Wales Rural Assistance Authority</b>			
Total Expenses .....	202.5	180.6	-10.8
Capital Expenditure .....	0.1	0.1	...
<b>Department of Water and Energy</b>			
Total Expenses .....	429.4	447.4	4.2
Capital Expenditure .....	9.2	10.1	10.3
<b>New South Wales Coal Compensation Board</b>			
Total Expenses .....	5.2	...	-100.0
Capital Expenditure .....	...	...	...
<b>Department of State and Regional Development</b>			
Total Expenses .....	181.9	185.9	2.2
Capital Expenditure .....	0.4	1.1	160.0
<b>NSW Food Authority</b>			
Total Expenses .....	21.2	20.8	-2.0
Capital Expenditure .....	1.2	1.7	40.0
<b>Total, Minister for Primary Industries, Minister for Energy, Minister for Mineral Resources, and Minister for State Development</b>			
Total Expenses .....	<b>1,289.9</b>	<b>1,277.3</b>	<b>-1.0</b>
Capital Expenditure .....	<b>34.0</b>	<b>37.1</b>	<b>9.1</b>

In addition to the agencies listed above, the Minister is also supported by the Department of Water and Energy (Section 19) for the Energy portfolio area.

## 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
- ◆ 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 these results and the priorities in the State Plan, are set out in the following table:

Service Groups	2008-09 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	133.9	✓	✓	✓
Mineral Resources	52.9	✓	✓	✓
Fisheries and Compliance	67.4	✓	✓	✓
Science and Research	138.5	✓	✓	✓
Personnel Services	49.9			
<b>Total Expenses Excluding Losses</b>	<b>442.6</b>			

## RECENT ACHIEVEMENTS

Forecast recurrent expenditure for 2007-08 is \$535.5 million. Significant achievements and developments during 2007-08 include:

- ◆ successfully eradicating the equine influenza outbreak. The Department was the lead NSW agency in the national response to the outbreak. The speed of the response limited the spread of the disease, shortened the time required for the eradication and resulted in savings of hundreds of millions of dollars for the industry and the community
- ◆ completing the \$1 million Queensland Border electronic surveillance system to help protect the State's livestock industries from the economically damaging cattle tick
- ◆ coordinating the NSW Government response to drought. State expenditure on drought assistance through the Department and other agencies is predicted to exceed \$80 million in 2007-08, bringing the Government's total commitment to more than \$390 million since the current drought began in 2002-03
- ◆ continued enhancement of the highly successful PROfarm training program with 120 short courses available for delivery on demand and 400 PROfarm courses delivered to more than 5,200 clients

- ◆ completing the implementation of the Cattle National Livestock Identification Scheme to achieve consistent national compliance levels
- ◆ facilitating clean coal development through a demonstration project for the capture and storage of CO<sub>2</sub> from an existing power station
- ◆ progressing the development of the Watermark coal development area near Gunnedah by calling for expressions of interest
- ◆ continuing the Government's support for increased mineral and petroleum exploration under the New Frontiers initiative
- ◆ introducing the *Mining Amendment Bill 2008* to ensure that environmental management of mines is consistent with contemporary standards and community expectations
- ◆ completing the reform framework for improving OH&S performance in the mining industry through the gazettal and implementation of the *Mine Health and Safety Act 2004* and the *Mine Health and Safety Regulation 2007*
- ◆ completing the transfer of the Coal Compensation Board to the Department on 31 December 2007
- ◆ completing the first year of full operation under the new share management scheme for major commercial fisheries. More than 250 share transfers have been completed since the scheme's introduction, enabling commercial fishers to improve their viability through the disposal or acquisition of shares
- ◆ implementing the NSW Oyster Industry Sustainable Aquaculture Strategy resulting in greater protection of priority oyster growing areas
- ◆ completing the voluntary commercial fishing buyout program for Port Stephens-Great Lakes and Batemans marine parks. Payments for fishing entitlements, retraining, relocation, depreciation of fishing equipment and administration of the program are expected to reach \$20.7 million by July 2008
- ◆ launching the Office of Rural Greenhouse Gas Studies in Armidale as the focal point for the Department's investment in climate change research for primary industries
- ◆ facilitating an independent review of the NSW moratorium on genetically modified (GM) food crops, including wide stakeholder consultation, resulting in amended legislation and lifting of the moratorium on GM canola production in New South Wales

- ◆ completing the transition from public breeding to national or private breeding programs for barley and
- ◆ completing the new \$1.3 million Feed Evaluation laboratory facility at Wagga Wagga to provide additional capability and capacity to the Feed Quality Service.

## **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 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 conducts 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
- ◆ drive primary industries' adaptation to global warming 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 development and investment in New South Wales that in turn 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 the protection of the economy, environment and public health from the negative impacts associated with pest, 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 Mines Safety Advisory Council

### **Mineral Resources**

- ◆ progress a demonstration project expected to run to 2013 to facilitate clean coal development
- ◆ continue to provide world class geoscience information to support exploration, mining investment and geosequestration in New South Wales
- ◆ facilitate mineral and petroleum exploration and new resource developments to maximise social and economic benefits and minimise adverse environmental impacts

- ◆ regulate mine safety to ensure the health and safety of mine workers, and further improve the environmental performance of the NSW mining industry
- ◆ oversee national and international mine safety equipment schemes and standards
- ◆ 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 development of a Joint Management Agreement 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 from lower priority programs to areas of higher priority such as studies aimed at adaptation to and mitigation of the effects of global warming 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.

## **2008-09 BUDGET INITIATIVES**

Major initiatives for 2008-09 include:

- ◆ \$4.2 million for Brigalow structural adjustment
- ◆ \$1.9 million contribution towards derelict mine site rehabilitation and
- ◆ \$2.5 million for the NSW contribution towards combating exotic pests and diseases.

## **Total Expenses**

The Department of Primary Industries' total expenses for 2008-09 are budgeted at \$442.6 million.

The major areas of expenditure include:

- ◆ \$133.9 million for the Agriculture, Biosecurity and Mine Safety service group
- ◆ \$52.9 million for the Mineral Resources service group
- ◆ \$67.4 million for the Fisheries and Compliance service group
- ◆ \$138.5 million for the Science and Research service group and
- ◆ \$49.9 million for the provision of Personnel Services.

## **Capital Expenditure**

The Department of Primary Industries' 2008-09 capital expenditure is \$24.1 million, of which \$11.5 million is reinvestment of proceeds from the sale of assets.

Major projects within the Department's capital program include:

### ***Replacing and maintaining departmental infrastructure***

- ◆ \$4.2 million to purchase new and replacement plant and equipment
- ◆ \$4 million to rationalise and replace information, communications and technology infrastructure

### ***Maintaining and upgrading research facilities***

- ◆ \$2.8 million to construct a new laboratory to upgrade research facilities at Wagga Wagga
- ◆ \$8 million for Stage 2 of rationalisation and relocation of facilities from Narara to Somersby
- ◆ \$1.5 million for the Biosecurity Upgrade of Elizabeth Macarthur Agricultural Institute
- ◆ \$350,000 for health, safety, environment and compliance upgrades of laboratories, buildings and infrastructure and

### ***Improving facilities for fisheries***

- ◆ \$718,000 for a replacement laboratory at Port Stephens.

## **AGENCY RESULT INDICATORS**

### ***Primary industries perform strongly in the economy***

<b>Result Indicator</b>	<b>Units</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Budget</b>	<b>2008-09 Forecast</b>
i) Value of primary industries production	\$m	20,575	20,317	22,632	26,261
ii) Mining royalties collected	\$m	503	489	520	920
iii) Capital expenditure (mining)	\$m	1,760	1,700	2,000	2,000
iv) Value of targeted primary industries exports:					
- Coal	\$m	6,700	6,200	7,700	9,500
- Agriculture	\$m	5,401	5,281	5,064	5,975

**Notes:**

- i) 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 aimed at maintaining strong economic performance.
- ii) This indicator shows the royalty revenue generated by mineral production.
- iii) This indicator shows the level of investment by the mining sector and is a proxy for NSW's attractiveness to investors.
- iv) 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.

**Primary industries have appropriate access to natural resources and manage them wisely**

<b>Result Indicator</b>	<b>Units</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Budget</b>	<b>2008-09 Forecast</b>
i) Mines operating to agreed operation plans and subsidence plans	%	95	95	97	97
ii) Primary/target and secondary fish species harvested at biologically sustainable levels	%	96	>90	>90	>90
iii) Landholders/fishers adopting at least one DPI sustainability innovation	%	n.a.	25	30	30
iv) Cotton yield per megalitre of water supplied	Bales	1.03	1.06	1.09	1.11
v) Reduction in net emissions from primary industries	%	n.a.	2	3	3

Notes:

- i) This indicator shows the percentage of mines operating to agreed operation plans and subsidence plans, and hence the appropriate use of mineral resources.
- ii) This indicator is a proxy for the effectiveness of DPI's management of fisheries resources.
- iii) This indicator shows the effectiveness of DPI's services aimed at facilitating uptake of sustainability innovations developed by DPI.
- iv) This indicator demonstrates the effectiveness of DPI's services aimed at uptake of water-saving practices and technologies by the cotton sector.
- v) 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.

## Primary industries are safe, healthy and biosecure

Result Indicator	Units	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Forecast
i) Compliance with National Animal Health performance standards	%	95	95	97	97
ii) Major innovations in pest and disease control	no.	26	26	30	30
iii) Fatal injury frequency rate in the mining industry:	Injuries/ million hours				
- Coal		0.04	0.04	0.04	0.01
- Non-coal		0.04	0.06	0.04	0.04

Notes:

- i) This indicator shows the degree to which the NSW animal health management system meets the agreed national standards.
- ii) 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.
- iii) 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.

## 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 co-exist 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:

- ◆ the provision of loans to farmers and small businesses to allow them to continue their normal operations following a natural disaster
- ◆ the provision of interest subsidies to help farmers affected by exceptional circumstances to obtain carry-on finance, restructure debt and implement productivity improvements
- ◆ the provision of loans to farmers aimed at promoting improved land management practices and
- ◆ the administration of the *Farm Debt Mediation Act 1994*.

The key services provided by the New South Wales Rural Assistance Authority and the way in which they are expected to contribute to results are set out in the following table:

Service Groups	2008-09 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 co-exist with and support the natural environment	Farm debt disputes are resolved efficiently and effectively
Financial Assistance to Farmers and Small Businesses	180.6	✓	✓	✓	✓
<b>Total Expenses Excluding Losses</b>	<b>180.6</b>				

## **RECENT ACHIEVEMENTS**

In 2006-07, the Authority continued 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 Commonwealth and NSW Governments, with the Commonwealth contributing 90 per cent of the funding.

The Exceptional Circumstances program was recently extended to include small businesses in towns with populations of less than 10,000 where businesses are substantially reliant on farmers for income and have suffered a downturn. Eligibility criteria for the program was also relaxed. Consequently, 7,965 applications to the Exceptional Circumstances program were approved in 2006-07, compared to 1,117 in 2002-03.

Expenditure in 2006-07 increased compared with 2005-06 mainly due to the extension of Exceptional Circumstances provisions throughout the State. Total expenses in 2006-07 were \$284.7 million compared to \$168 million in 2005-06. Exceptional Circumstances assistance is expected to total \$420.8 million in 2007-08.

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. Support for this Scheme continued in 2007-08 with loans totalling \$13 million expected to be approved.

The Natural Disaster Recovery 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. This Scheme commenced in 2006-07 with grants totalling \$21.5 million approved.

Recently, the Authority has provided flood damage assistance of \$11.5 million to people in the Hunter and Central Coast regions after the June 2007 storms. In addition, grants totalling \$10 million are expected to be approved 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 create awareness about eligibility requirements to potential applicants
- ◆ 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
- ◆ Brigalow Assistance Scheme – assistance for forest related industries affected by the closure of the Brigalow State Forest
- ◆ Forging Partnerships Program – payments of grant and sponsorship funding approved by the former Department of Natural Resources and
- ◆ Native Vegetation Assistance Package – assistance to landholders as a consequence of refusal of consent to clear land under the *Native Vegetation Act 2003*.

## **2008-09 BUDGET INITIATIVES**

The Authority is continuing to provide assistance under Advancing Australian Agriculture in 2008-09 with \$168.6 million budgeted for the Exceptional Circumstances program, with \$150 million contributed by the Commonwealth Government.

## Total Expenses

In 2008-09, total expenses of the Authority are budgeted at \$180.6 million. The Advancing Australian Agriculture program is the largest component with an allocation of \$168.6 million.

\$18 million has been provided for the Special Conservation Scheme in 2008-09.

In 2008-09, \$2 million has notionally been provided for the Natural Disaster Relief Scheme. Actual expenditure 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.

## AGENCY RESULT INDICATORS

### *The agricultural and small business sector is able to recover from the effects of extreme events*

Result Indicator	Units	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Forecast
i) Eligible applicants receive assistance	%	100	100	100	100
ii) Applications for assistance approved	no.	98	31	28	28
iii) Value of assistance provided	\$m	5.4	2.9	2.0	2.0

Notes: refers mostly to the Natural Disaster Relief Scheme.

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

ii) Represents the total of applications approved.

iii) Represents the total dollar value of assistance provided.

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

<b>Result Indicator</b>	<b>Units</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Budget</b>	<b>2008-09 Forecast</b>
i) Eligible applicants receive assistance	%	100	100	100	100
ii) Applications for assistance approved	no.	4,825	7,965	7,500	6,250
iii) Value of assistance provided	\$m	155.1	252.6	193.4	170.4

Notes: refers mostly to the Exceptional Circumstances program.

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

ii) Represents the total of applications approved.

iii) Represents the total dollar value of assistance provided.

***The agricultural sector is able to co-exist with and support the natural environment***

<b>Result Indicator</b>	<b>Units</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Budget</b>	<b>2008-09 Forecast</b>
i) Eligible applicants receive assistance	%	100	100	100	100
ii) Applications for assistance approved	no.	137	319	324	450
iii) Value of assistance provided	\$m	7.1	12.8	13.0	18.0

Notes: refers mostly to the Special Conservation Scheme

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

ii) Represents the total of applications approved.

iii) Represents the total dollar value of assistance provided.

***Farm debt disputes are resolved efficiently and equitably***

<b>Result Indicator</b>	<b>Units</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Budget</b>	<b>2008-09 Forecast</b>
i) Farm debt disputes are effectively resolved	%	88	88	90	90

Notes:

i) Represents satisfactory mediations where an agreement has been reached.

## 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 (Section 19) and the Minister for Water (Section 9). In addition to this advisory role the agency also carries out a regulatory and enforcement function in both water and energy.

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 (NSW) Act 2005*; *National Electricity (NSW) 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 New South Wales frameworks are consistent with requirements under the Commonwealth's National Water Initiative, *Water Act 2007* and *Murray-Darling Basin Act 1993*.

## RESULTS AND SERVICES

The Department of Water and Energy 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 water management, energy and urban water industries, government agencies, industry, business and consumer groups and other stakeholders towards the following results:

- ◆ Allocation of water between communities, industry, farmers and the environment are secure and sustainable.
- ◆ Urban water supplies are reliable and sustainable and services are well managed, efficient and equitable across New South Wales.
- ◆ Energy supplies are reliable and sustainable, services are safe and efficient, and vulnerable customers are supported.

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

- ◆ 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 Commonwealth in interstate water sharing arrangements
- ◆ 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; overseeing and monitoring local water utility performance 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 network and licensed pipeline, 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 these results are set out in the following table:

Service Groups	2008-09 Budget Expenses  \$m	Results		
		Secure and sustainable allocation of water between communities, industry, farmers and the environment	Urban water supplies are reliable and sustainable and services are well managed, efficient and equitable across NSW	Energy supplies are reliable and sustainable, services are safe and efficient and vulnerable customers are supported
Urban Water Utilities	189.0		✓	
Water Management	150.2	✓		
Energy Supply and Use	108.2			✓
<b>Total Expenses Excluding Losses</b>	<b>447.4</b>			

## 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 to continued economic development across the State. Key recent achievements include:

- ◆ significant progress in promoting sustainable water sharing and trading with more than 90 per cent of water extraction in New South Wales covered by statutory water sharing plans and almost 14,000 licences converted to licences under the *Water Management Act 2000*
- ◆ in the last five years, completion of over 100 projects, saving more than 30,000 megalitres of groundwater per year through the Cap and Pipe the Bores program in the Great Artesian Basin
- ◆ coordination of the Metropolitan Water Plan to deliver major projects including deepwater access to water in Warragamba and Nepean Dams, a contract for the construction and operation of a renewable energy desalination plant at Kurnell, and the investigation of Sydney-wide groundwater supplies
- ◆ facilitating the development of Australia's first State-based access regime under the *Water Industry Competition Act 2006* to allow the private sector to invest in recycling with the Department facilitating the best use of existing infrastructure
- ◆ under the Country Towns Water Supply and Sewerage Program, completion of nearly 350 water supply and sewerage projects which have delivered enhanced public health, and environmental and security of supply outcomes to over one million residents living in country New South Wales
- ◆ progress in shaping substantial changes to the national energy legislative framework in order to transfer responsibility for economic regulation of the gas transmission sector and gas and electricity distribution networks from state-based regulators to the Australian Energy Regulator
- ◆ significant policy improvements in frameworks for the technical regulation of electricity, gas and pipeline infrastructure, which is expected to contribute significantly to electricity distributors moving towards the State Plan target of 99.98 per cent reliability by 2016 and
- ◆ introduction of new regulations governing the retail energy industry's hardship charters, to strengthen protection for vulnerable consumers.

## **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
- ◆ working to maximise the benefits to New South Wales from the Commonwealth's Water for Our Future program, the National Water Initiative and the Australian Government Water Fund
- ◆ increasing the volume of recycled water through innovation and investment facilitated by competition in the water industry
- ◆ 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 targets for greenhouse gas reduction in the State Plan and the New South Wales targets for renewable energy supply and
- ◆ responding to growth in demand for water and energy in metropolitan and large regional centres as the Department provides policy support for the Government's preparation for new baseload generation.

## **2008-09 BUDGET INITIATIVES**

### **Total Expenses**

Estimated total expenses for the Department in 2008-09 will be \$447.4 million. Major items include:

- ◆ pensioner and life support rebates for energy of \$84.9 million
- ◆ social program payments of \$121.4 million to Sydney and Hunter Water Corporations largely for pensioner, exempt property and un-sewered area concessions

- ◆ Government contributions of \$47.2 million towards expenditure of \$52.4 million on the Country Towns Water Supply and Sewerage Program
- ◆ a water and sewerage maintenance program in Aboriginal communities that will provide ongoing support for the operation, maintenance and monitoring of water and sewerage systems at an estimated cost in 2008-09 is \$6.1 million, including a \$2.6 million contribution from the NSW Aboriginal Land Council
- ◆ Government contributions to State Water Corporation of \$21.5 million, comprising a transitional operating subsidy and an Independent Pricing and Regulatory Tribunal determined capital and recurrent contribution
- ◆ Energy Accounts Payment Assistance Program totalling \$9.4 million
- ◆ \$21.3 million as the State's share of operating costs and works programs for irrigation areas
- ◆ \$5.5 million for conserving and restoring groundwater resources of the Great Artesian Basin under the Cap and Pipe the Bores Program and
- ◆ \$3.2 million for the Pipeline NSW project to replace open channel domestic and stock water delivery systems in the central and northern rivers districts.

### **Capital Expenditure**

The Department's capital expenditure program for 2008-09 is estimated at \$10.1 million. This includes \$5.6 million for Water Management Information Systems projects, \$1.3 million for a new hydraulic multi-purpose groundwater drilling rig and \$2.4 million for general plant and equipment including computers.

## AGENCY RESULT INDICATORS

### Water management

Result Indicator	Units	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Forecast
i) Proportion of water extraction covered by commenced water sharing plans	% by volume	80	90	93	97
ii) Reduction in over-allocation of groundwater systems	%	n.a.	Base year	65	75
Notes:					
i) This indicator shows progress towards State Plan target for E1.					
ii) 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 utilities

Result Indicator	Units	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Forecast
i) Total volume of water recycled in Sydney	Gigalitre	15.9	21.8	28.2	30.6
ii) Proportion of requirements of Best-Practice Management Guidelines for Water Supply and Sewerage met by local water utilities	%	50	65	72	80
iii) Proportion of people 'often taking action to conserve water'	%	65	79	81	85
Notes:					
i) This is a direct measure of progress towards the State Plan recycling target of 70 gigalitres/year by 2015.					
ii) 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.					
iii) This is an indicator of the effectiveness of the Water for Life education campaign coordinated by DWE. The figures are drawn from a comprehensive annual customer survey.					

## Energy supply and use

Result Indicator	Units	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Forecast
i) Unplanned electricity outages	SAIDI-normalised customer minutes p.a.	143	135	138	135
ii) GreenPower Sales – New South Wales	GWh p.a.	200	350	440	570

Notes:

i) System Average Interruption Duration Index (SAIDI) – normalised customer minutes p.a. is a direct measure of progress towards the State Plan electricity reliability target. The equivalent figure to the State Plan target of 99.98 per cent reliability by 2016 is 105 minutes. The actual result for 2006-07 was better than targeted.

ii) This is a measure of progress towards the State Plan target for increased renewable energy consumption. It complements the mandated renewable energy targets.

## NEW SOUTH WALES COAL COMPENSATION BOARD

The New South Wales Coal Compensation Board ceased operations on 31 December 2007 in accordance with the *Coal Acquisition Legislation Repeal Act 2007*. At that time only a handful of compensation claims remained outstanding, and responsibility for resolving these claims was transferred to the Department of Primary Industries

As at the date of closure, total compensation paid by the Board was \$794.9 million. An estimated compensation liability of \$1.3 million was transferred to the Department of Primary Industries pending finalisation of the outstanding claims.

## DEPARTMENT OF STATE AND REGIONAL DEVELOPMENT

The Department is responsible to the Minister for State Development, the Minister for Regional Development (Section 15), the Minister for Small Business (Section 21), the Minister for Tourism (Section 13) and the Minister for Science and Medical Research (Section 6).

The primary function of the Department is to provide expert advice to Government on developing the economic capacity and productivity of metropolitan and regional areas of New South Wales to secure innovative and sustainable business and industry development.

## RESULTS AND SERVICES

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

- ◆ P1: Increased business investment.
- ◆ 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 contribute to the stock of rewarding and high skill jobs, by working towards the following results:

- ◆ Business investment to New South Wales grows.
- ◆ Businesses operate competitively in the State.
- ◆ There is an attractive environment to do business in New South Wales.
- ◆ Strengths of Sydney and New South Wales are well marketed.
- ◆ There is support for science, research and innovation.

Key service areas include programs and activities to:

- ◆ assist domestic and international firms to establish and expand in New South Wales
- ◆ facilitate and support innovation across New South Wales business and industry
- ◆ increase adoption of exporting as a business growth strategy and develop the economic capacity of rural and regional New South Wales including supporting the small business sector
- ◆ 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 are expected to contribute to results are set out in the following table:

Service Groups	2008-09 Budget Expenses  \$m	Results				
		Facilitate business investment	Increase business competitive- ness	Develop an attractive business environment	Market the strengths of Sydney and NSW	Support science, research and innovation
State Development	38.3	✓	✓	✓	✓	✓
Regional Development	44.9	✓	✓	✓	✓	
Small Business	22.1	✓	✓	✓		
Science and Medical Research	36.9			✓		✓
Tourism	43.7			✓	✓	
<b>Total Expenses Excluding Losses</b>	<b>185.9</b>					

## RECENT ACHIEVEMENTS

During 2007-08, the Department worked to secure major investments in New South Wales with an estimated value of over \$1.6 billion and an employment impact of over 7,700 jobs.

One of the significant projects attracted during 2007-08 included the establishment of V Australia's operational headquarters in Sydney. V Australia is Virgin Air's international carrier from Australia, with initial services to be offered from Sydney to the USA.

Recent business expansion projects which brought new investment included Broens Industries at Ingleburn to provide tooling for the Joint Strike Fighter, and Ampcontrol Pty Ltd's transformer manufacturing facility in Tomago with its corporate head office bringing capital investment of \$19.3 million.

Sydney also continued its success in attracting significant film investment, such as the major international productions *Australia* and *Wolverine* bringing \$120 million in production expenditure during the year.

The Department coordinated a major mission to promote New South Wales in China and India, led by the Premier accompanied by representatives of all New South Wales universities and a delegation of senior business leaders.

Information technology firms continue to find the State to be an attractive location. During the year, two Indian companies, Rolta and Polaris Software, established centres in Sydney to deliver services to Australian and regional markets.

New South Wales' capabilities and products, and tourism opportunities were promoted through export development trade missions to Asia, the Middle East, and trade exhibitions in Dubai, Singapore and Chile.

Major legislative developments managed by the Department included successful passage of the embryo research legislation and the release of a consultation paper on retail leasing issues.

Over the last two years, the Department has delivered red tape regulation reviews in five sectors with 41 recommendations endorsed by Cabinet and these are in the process of being implemented.

Small businesses were supported by improved accessibility to regional Innovation Advisory Services through eight New South Wales regional locations, and by extension of the Women in Business program through the Community Technology Centres to remote communities across the State.

The Department also facilitated events such as the Regional Food Tour to the Hunter and Orana Regions, and the inaugural Boutique Wine and Beer Tour in the Hunter and Riverina regions to help generate new sales for regionally based food businesses.

Science and medical research activities during 2007-08 included establishing two major clinical research networks, the Australian New Zealand Spinal Cord Injury Network and the Cardiovascular Research Network.

Tourism NSW continued to invest in Sydney as well as in regional New South Wales through various promotions with a record number of co-operative industry partners. This included a Bonus Long Weekend campaign to encourage the Sydney population to visit regional New South Wales during the APEC weekend.

## **STRATEGIC DIRECTIONS**

The Department adopts a whole-of-government approach to its role under the New South Wales State Plan and the New South Wales Innovation Statement and actively collaborates with the business sector and the community in its work.

The environment for economic growth is increasingly complex and competitive, both nationally and internationally. To meet this challenge, the Department focuses on continuously refining and better targeting its activities to contribute to a dynamic and growing economy. The goal is to ensure that New South Wales is a competitive place to do business and Sydney extends its role as a global city.

The Department works towards securing innovative and sustainable businesses and industry developments for the State through:

- ◆ providing leadership within government on business, economic, tourism, science and medical research, small business and regional development issues
- ◆ adopting a whole-of-government perspective with respect to the investment potential of the State's resources
- ◆ supporting the interests of the community in growing the business sector and
- ◆ pursuing a balance between economic development and the social, environmental and other challenges that confront a modern society.

## **2008-09 BUDGET INITIATIVES**

### **Total Expenses**

The Department's total budgeted expenses in 2008-09 are estimated at \$185.9 million which are spread across its five portfolio areas.

*State Development* - Attracting investment in key sectors and implementing the Government's Statement on Innovation are key areas under this service group. The budgeted expenses of this service group in 2008-09 are estimated at \$38.3 million.

*Regional Development* - Implementing a new regional business engagement model to give business issues priority across all relevant local and State government agencies is a key activity under this service group. The budgeted expenses of this group in 2008-09 are estimated at \$44.9 million.

*Small Business* - Encouraging both new and existing small business clients develop business growth opportunities is the key activity of this service group. The budgeted expenses of this service group in 2008-09 are estimated at \$22.1 million.

*Science and Medical Research* - Managing New South Wales' medical research programs and creating clinical research networks to build capacity and maximise further investment are key areas of focus under this service group. The budgeted expenses of this service group in 2008-09 are estimated at \$36.9 million.

*Tourism* - Growing and developing tourism in New South Wales through targeted local and international campaigns is the key area of focus under this service group. The budgeted expenses of this service group in 2008-09 are estimated at \$43.7 million.

## Capital Expenditure

The Department's capital expenditure program for 2008-09 is \$1.1 million. Of this, an amount of \$774,000 will be spent on essential fit out works, replacement of plant and equipment. An amount of \$300,000 has also been allocated to support tourism signposting initiatives in New South Wales.

## AGENCY RESULT INDICATORS

### *Facilitate business investment*

Result Indicator	Units	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Forecast
i) Investment committed					
- Metropolitan	\$m	400	1,109	829	420
- Regional	\$m	700	1,612	765	850
ii) Employment impact of investment committed					
- Metropolitan	no.	2,000	2,312	3,300	2,100
- Regional	no.	4,000	4,125	4,400	4,000
iii) Private business investment to reach \$80 billion per annum in 2016	\$b	n.a.	39	43	49
Notes:					
i) This indicator shows the actual and forecast level of investment commitment by companies establishing in metropolitan and regional New South Wales.					

### *Increase business competitiveness*

Result Indicator	Units	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Forecast
i) Export growth by Small and Medium Enterprise clients assisted	\$m	142	202	150	80
ii) New employment by start-up and small business program clients	no.	5,000	4,000	3,500	3,500
iii) Local industry participation in projects - business secured for NSW firms					
- Metropolitan	\$m	50	24	50	50
- Regional	\$m	60	190	90	90

### ***Develop an attractive business environment***

<b>Result Indicator</b>	<b>Units</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Budget</b>	<b>2008-09 Forecast</b>
i) Rate of employment growth reported by SME clients	%	17	13	10	10
ii) Business confidence in NSW is higher than national rate	%	n.a.	Equal to national rate	Equal to national rate	> national rate
Notes:					
ii) National Australia Bank Quarterly business survey December 2007.					

### ***Market the strengths of Sydney and New South Wales***

<b>Result Indicator</b>	<b>Units</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Budget</b>	<b>2008-09 Forecast</b>
i) Growth in total NSW visitor nights (million):					
- Domestic	no.	87	84	82	81
- International	no.	51	52	55	57
ii) Sydney market share of international visitor nights	%	30.8	31.5	29.3	29.3
iii) Share of visitor nights in regional NSW above all visitor nights in regional Australia	%	n.a.	31.5	> 30.0	> 30.0
iv) Sydney quality of life index	Rank	9	9	top ten	top ten
v) Sydney city brand ranking	Rank	1	1	1	top five
Notes:					
iv) Worldwide quality of living index compiled by Mercer Human Resource consulting.					
v) Anholt-GMI city brands index.					

## Support science, research and innovation

Result Indicator	Units	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Forecast
i) NSW share of major Commonwealth medical and science research funds:					
- Health and medical research (NHMRC)	\$m	n.a.	129	139	n.a
- Australia Research Council	\$m	n.a.	124	134	n.a
ii) Economic impact of National ICT Australia for NSW:					
- Commonwealth funds leveraged	\$m	n.a.	12	26	26
- Investment attracted	\$m	n.a.	7.5	11.7	11.7
- Jobs maintained	no	n.a.	199	230	250
iii) Percent of SME clients reporting innovation in business during the year:					
- Undertook R&D new product development	%	47	50	50	50
- Marketed new or improved product or service	%	60	55	55	55
Notes:					
i) NHMRC – National Health and Medical Research Council.					
iii) SME – Small and medium enterprises.					

## 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 prescribed 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:

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

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

- ◆ developing, evaluating and reviewing of the food regulatory framework
- ◆ consulting and communicating with industry and providing training and advice
- ◆ monitoring New South Wales 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
- ◆ communicating and coordinating with other government agencies and
- ◆ 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.

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	2008-09 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 / Commonwealth food regulations
Science, Standards and Communication	6.5	✓	✓	✓	✓
Compliance, Investigation and Enforcement	14.3	✓	✓	✓	✓
<b>Total Expenses Excluding Losses</b>	<b>20.8</b>				

## RECENT ACHIEVEMENTS

Projected recurrent expenditure for 2007-08 is \$21 million and is similar to that of recent years. Key initiatives and developments during the year include:

- ◆ continued implementation of the Food Regulation Partnership Model previously agreed with the local government sector, including the conduct of local government forums, communication and training programs to which the Government has contributed \$1 million
- ◆ continued development of the Byte system (previously Paddock to Plate) for managing interactions with NSW food businesses including management of food-borne illnesses to enable timely intervention to prevent their spread
- ◆ continued work on implementation of an egg food safety scheme and continuing development of proposed schemes in the areas of aged care, hospitals, nursing homes, childcare, delivered meals and high-risk catering
- ◆ continued contribution to the development of national standards, including the Food Standards Code and
- ◆ development of a new initiative to provide the public with details of convictions and uncontested penalty notices for breaches of food safety laws.

## **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 choice about the food they eat.

The Authority's key strategies for achieving this are:

- ◆ ensuring that food is safe and correctly labelled as required
- ◆ 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.

## **2008-09 BUDGET INITIATIVES**

### **Total Expenses**

The Authority is funded on a shared basis by the Government and industry with the Government contributing \$11.7 million in 2008-09 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 is similar to the revised budget for 2007-08, and includes government funded expenditure of \$10.7 million for existing food regulatory activities and additional government expenditure of \$1 million 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 2008-09. This includes \$600,000 for the purchase of replacement motor vehicles and \$1.1 million on information technology and other equipment.