



New South Wales

**DEPARTMENT OF PRIMARY INDUSTRIES**

DGO09/116

Mr. Paul McLeay  
Chair  
Public Accounts Committee  
Legislative Assembly  
Parliament of New South Wales  
Macquarie Street  
Sydney NSW-2000

- 9 FEB 2009

Dear Mr *Paul* McLeay

Thank you for your letter of 12 November 2008 concerning the Auditor-General's Report on Improving Efficiency of Irrigation Water Use on Farms and your request for a submission detailing the departmental response to the report and any actions to date.

NSW Department of Primary Industries welcomed the Auditor-Generals Performance Review as an opportunity for an independent assessment of the effectiveness of a key element of the department's activities. The findings of the report have proved invaluable in enhancing the understanding of and the benefits achieved through the department's activities to meet State Plan goals for water resources through the unique combination of research, extension and education.

The conduct of the Review by the Auditor-General was thorough and well researched. The willingness of the Auditor-General's staff to travel throughout New South Wales allowed for valuable front line interaction with those who deliver and receive the department's services and programs for improving water use efficiency on irrigated farms. I commend the Auditor-General for allowing this degree of involvement and first hand assessment.

I have attached as requested a completed summary table of progress against each of the Auditor-Generals Recommendations. If you require any further assistance with your review please contact Mr Stephen Elliott, Policy Manager on 02 6391 3640.

Yours sincerely

**RICHARD SHELDRAKE  
DIRECTOR-GENERAL**

**PERFORMANCE AUDIT – IMPROVING EFFICIENCY OF IRRIGATION WATER USE ON FARMS  
IMPLEMENTATION OF RECOMMENDATIONS**

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS and COMMENT	RESPONSIBILITY
<p><b>1</b> DPI should work closely with agencies with which it shares responsibilities to ensure that its water use efficiency activities contribute to the State Plan goals</p>	<p>Accepted</p>	<ul style="list-style-type: none"> <li>Engage with Natural Resources &amp; Environment agencies to develop cross agency investment in water use efficiency and leverage Commonwealth funding.</li> <li>Corporate Plan and RSP reflect shared responsibilities</li> </ul>	<p>30/6/08</p>	<ul style="list-style-type: none"> <li>The DPI retains membership of the Natural Resources and Environment CEO Cluster where programs and policies to deliver State Plan goals are agreed.</li> <li>The DPI is a member of inter-agency committees developing the \$77million Hawkesbury Nepean water project including \$20million for farm water use efficiency programs, and the \$708million Sustaining the Basin Program to implement Murray-Darling Basin reforms. DPI has received an in-principle allocation of \$300 million for improving farm irrigation efficiency through infrastructure, training and extension subject to Commonwealth due diligence processes.</li> <li>The Corporate Business Plan 2008-09 provides specific Key Deliverables, Targets/Milestones for specific water use efficiency activities consistent with the Corporate Plan 2008-2011 and the State Plan. The DPI Key Result Area No 2: Appropriate access to and wise management of natural resources requires at Key Deliverable</li> </ul>	<p>Strategy Policy &amp; Communication Division</p>

	<p>50 the completion of the DPI Sustaining the Basin Farm Modernisation Plan for improving water use efficiency on irrigated farms. This activity is in progress.</p> <ul style="list-style-type: none"> <li>• Key Deliverable 83 requires completion of a DPI water priority statement. This task is completed and outlines 24 strategies to align Departmental activities to address water issues arising from the implementation of the National Water Initiative, the Commonwealth Water for the Future program and the NSW State Plan. There are 3 specific objectives including use water efficiently, establish and maintain efficient infrastructure and assist primary industries adapt to changing environment and water availability.</li> </ul>					
<p>2</p> <p>DPI and its key stakeholders should maintain their close relationships to ensure that they identify opportunities for new technologies and practices with the highest potential benefit. DPI should further develop the transparency of its</p>	<p>Accepted</p> <ul style="list-style-type: none"> <li>• Investment guidelines finalised and in place.</li> </ul>	<p>31/12/08</p>	<ul style="list-style-type: none"> <li>• DPI maintains close relationship and involvement with key research organisations including the Cooperative Research Centre for Irrigation Futures and maintains a significant farm network to ensure opportunities for new technologies and practices are identified.</li> <li>• DPI has implemented a Project Approval Process including a Framework for Investment (efficiency, appropriateness and effectiveness), that assess costs and beneficiaries.</li> </ul>	<p>Science &amp; Research Division</p>		

<p>R&amp;D selection principles to demonstrate that projects and activities are funded in accordance with the mix of industry and public benefits they will generate.</p>	<p>Accepted</p>	<ul style="list-style-type: none"> <li>Review performance measures in Results &amp; Services Plan for water use efficiency</li> <li>Review of best practice models in other jurisdictions</li> </ul>	<p>30/6/08 31/12/08</p>	<p>The Division has also invested in Clarity (project and portfolio management software) to improve the transparency of R&amp;D investments and reporting. The investment in Clarity (about \$750k to date) will also result in improved R&amp;D selection by improving strategic decision making which will minimise Type I errors (i.e. investing in the wrong projects) and Type II errors (i.e. failing to invest in the right projects) this includes ensuring activities are funded in accordance with the mix of industry and public benefits they will generate. A business case to Treasury has been prepared to continue the development and roll-out of Clarity.</p>	<p>Agriculture Biosecurity &amp; Mine Safety Division</p>
<p><b>3</b> DPI should negotiate with NSW Treasury the resources it will require to meet its commitments to the State plan, the future demands of the Commonwealth (including the NWI) and the effects of climate change. In doing so it should review best practice models in other jurisdictions for</p>	<p>Accepted</p>	<ul style="list-style-type: none"> <li>Review performance measures in Results &amp; Services Plan for water use efficiency</li> <li>Review of best practice models in other jurisdictions</li> </ul>	<p>30/6/08 31/12/08</p>	<p>DPI has participated with Departments of Water &amp; Energy, Environment &amp; Climate Change, Treasury and Premier and Cabinet in the development of the Cabinet endorsed NSW State Priority Project Sustaining the Basin (in principle funding of \$300million to NSW DPI) and the Hawkesbury-Nepean Water recovery project (\$77million) to attract Commonwealth funding in water use efficiency and water recovery projects that address key water use efficiency elements of the NSW State Plan.</p> <ul style="list-style-type: none"> <li>DPI is reviewing best practice</li> </ul>	<p>Agriculture Biosecurity &amp; Mine Safety Division</p>

	assisting and encouraging growers to adopt improvements.				adoption models with other jurisdictions (Victoria, Queensland and South Australia) as an element of the business planning required by and funded by the Commonwealth to secure funding for the Sustaining the Basin Project.	
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