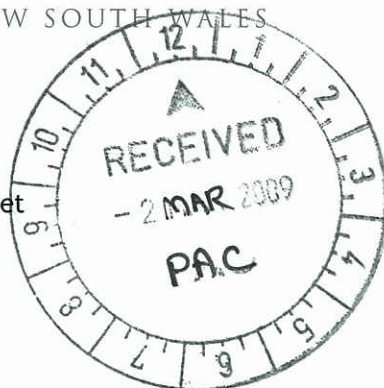




THE AUDIT OFFICE
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Mr Paul McLeay MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament House, Macquarie Street
SYDNEY NSW 2000



26 February 2008

Dear Mr McLeay

**Examination of Auditor-General's Performance Audit Report
Improving Efficiency of Irrigation Water Use on Farms**

We have reviewed the submission provided by the NSW Department of Primary Industries concerning the recommendations in the above performance audit report. Attachment 1 lists the report's recommendations.

Following tabling of the report, we were pleased that the NSW Department of Primary Industries accepted our four recommendations.

The NSW Department of Primary Industries submission indicates that it is making substantial progress in implementing the recommendations.

We have not substantiated the Department's submission. Our assessment of whether the responses address the issues raised in the original report along with an assessment of progress against the original timeline is provided in attachment 2.

I plan to forward a copy of this correspondence to the Director-General for his information.

I am happy to provide any further assistance the Committee may need in completing its examination.

Yours sincerely

Peter Achterstraat
Auditor-General

attachments

Attachment 1

Recommendations

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 (page 34).

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 (page 34).

DPI should further develop the transparency of its R&D selection principles to demonstrate that projects and activities are funded in accordance with the mix of industry and public benefits they will generate (page 34).

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 assisting and encouraging growers to adopt improvements (page 34).

Attachment 2

Our assessment of NSW DPI progress against the audit recommendations

Recommendation	Action steps address issue?	Reported progress
1	<p>Yes.</p> <p>Reported activity is consistent with the intent of recommendation to ensure that water use efficiency activities contribute to the State Plan goals.</p>	<p>Commenced.</p> <p>DPI should provide more specific evidence that water use efficiency improvements are being developed across NSW (not just the Hawkesbury-Nepean and Murray-Darling quoted), and that DPI is working with CMAs and all other agencies with responsibilities related to efficient water use in irrigation.</p> <p>As DPI's only original commitments in the State Plan were joint responsibilities with DWE and DET, it should ensure that these are consistent with DPI's Corporate Business Plan 2008-09.</p> <p>DPI should also link its activities to water use efficiency outcomes, e.g. an update of the earlier WaterWise evaluations.</p>
2	<p>Yes.</p> <p>Reported activity is consistent with the intent of recommendation to ensure that DPI and its key stakeholders identify opportunities for new technologies and practices with the highest potential benefit.</p>	<p>Completed.</p> <p>DPI's actions appear to address our concerns.</p> <p>However DPI should continue to evaluate the effectiveness of its R&D investments.</p>
3	<p>Yes.</p> <p>Reported activity is consistent with the intent of recommendation to ensure that DPI can demonstrate that projects and activities are funded in accordance with the mix of industry and public benefits they will generate.</p>	<p>Completed.</p> <p>DPI's actions appear to address our concerns.</p> <p>However DPI should continue to evaluate the effectiveness of its R&D investments.</p>
4	<p>Yes.</p> <p>Reported activity is consistent with the recommendation to ensure that DPI has the resources to meet commitments to the State plan, the future demands of the Commonwealth and the effects of climate change, and to review best practice models for assisting and encouraging growers to adopt improvements.</p>	<p>Commenced.</p> <p>DPI should provide more specific evidence that water use efficiency improvements are being developed across NSW (not just the Hawkesbury-Nepean and Murray-Darling quoted) and with CMAs and all other agencies with responsibilities related to efficient water use in irrigation.</p> <p>DPI's comments in its response on best practice appear to relate only to securing funding for a particular project. DPI also should seek best practice for all aspects of improving irrigation water management.</p>