

NSW Department of Water and Energy
Corporate Plan 2007-2010



Table of contents

Message from the Director-General	1
Departmental overview	2
Our role	2
Our services	2
Our vision	3
Our key clients and stakeholders	3
Our values	3
Our operations	3
Strategic issues and challenges	4
Key Result Areas and targets	6
DWE Corporate Plan 2007-2010 – Snapshot	8
Outcomes, Strategies and Performance Indicators	10
KRA 1 Water Management	10
KRA 2 Urban Water Utilities	11
KRA 3 Energy Supply and Use	12
KRA 4 Organisational Capability	13
Management and Organisational structure	14
Legislation administered	16
Glossary	inside back cover
Further Information	outside back cover

Message from the Director-General

Context

This is the first Corporate Plan for the Department of Water and Energy (DWE).

Our new Department, established on 27 April 2007, brings together the knowledge and expertise of staff from the former Department of Natural Resources, Department of Energy, Utilities and Sustainability, and Metropolitan Water Directorate, formerly with The Cabinet Office.

The Government established DWE to address two of the biggest challenges we face as a State. Reliable access to the basic necessities of water and energy is fundamental to quality of life in NSW. The NSW State Plan addresses these and other issues and sets out the framework for delivery of government services and targets for improvement to guide decision making and resource allocation.

Purpose of the Plan

This Corporate Plan sets out DWE's results, planned outcomes and key strategies over the next three years. Importantly, it also describes the performance indicators which we will use to measure the success of our endeavours. The Plan will assist us in responding to challenges and meeting the Government's objectives. It is intended that this Plan will provide a context for our staff in carrying out their jobs as well as a means of communicating our priorities and our specific strategies to the community.

Although the Plan looks forward to the next three years, taking us through to 2010, we intend to review its effectiveness in guiding what we do in about 12 months. This will keep the strategies and targets in the Plan up to date and aligned with the latest Government priorities.

Implementing the Plan

The Plan directs business planning and accountability arrangements within the new organisational structure. It aligns with the DWE Results and Services Plan (which DWE agrees to with NSW Treasury annually).

Each division and branch of DWE will prepare a business plan to be approved by the Executive. These business plans will detail actions and services to be undertaken in each financial year to contribute to the corporate priorities, key outcomes and strategies outlined in this Plan.

This is an exciting venture and I look forward to working with staff and stakeholders as we deliver high quality service to the Government and the people of NSW.

Mark Duffy
Director-General
Department of Water and Energy

November 2007

Departmental overview

Our role

The Department of Water and Energy (DWE), which started operating in April 2007, leads the Government's policy and reform agenda for the water and energy sectors in NSW.

DWE provides policy, legislative, regulatory, technical and management advice in relation to water and energy matters to three Ministers: the Minister for Climate Change, Environment and Water; the Minister for Energy; and the Minister for Water Utilities.

The specific activities of DWE are guided by:

- the legislation it administers;
- the Government's policy and reform agenda; and
- the NSW State Plan, published in 2006, providing strategic direction for NSW with specific goals, priorities and targets across five themes. In particular, DWE is lead agency for the State Plan's two priorities for water and energy.

DWE works with the water management, energy and urban water industries; government agencies; industry, business, environment and consumer groups; and other stakeholders towards achieving the following results:

- Secure and sustainable allocation of water between communities, industry, farmers and the environment.
- Reliable and sustainable urban water and energy supplies and well managed, efficient and equitable services.

Our services

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

- Liaising with other States and the Commonwealth to ensure the interests of NSW are protected in interstate water sharing arrangements
- Preparing statutory plans to share water between users and the environment
- Administering water licences and approvals, assessing resource availability, allocating available water to licensees, monitoring compliance and, where necessary, taking appropriate enforcement action
- Developing and implementing water trading rules to support effective market operation
- Advising on plans and strategies for the protection and enhancement of watercourses, riparian corridors and groundwater dependent ecosystems
- Monitoring and evaluating water resource quantity and quality, and associated ecosystems
- Planning and policy development for urban water industries
- Coordination and review of the Metropolitan Water Plan
- Facilitating water recycling across NSW
- Leadership, guidance and technical assistance in best-practice management, operation and maintenance for non-metropolitan urban water utilities
- Overseeing and monitoring utility performance
- Funding for backlog water and sewerage infrastructure and emergency drought assistance
- Promoting and maintaining competition in energy supply markets
- Development of national energy market frameworks in partnership with other States
- Energy supply and demand forecasting
- Electricity and gas network and licensed pipeline regulation and performance monitoring
- Promotion of renewable energy and energy saving schemes
- Implementation of consumer protection strategies for residential energy and urban water customers

Our vision

Reliable, efficient and sustainable water and energy supply and services for all NSW

Our key clients and stakeholders

- Ministers for Climate Change, Environment and Water; Energy; Water Utilities
- The people, communities and environment of NSW
- NSW, Commonwealth, and local governments
- NSW central agencies such as the Independent Pricing and Regulatory Tribunal and Treasury
- Water and energy users
- Water and energy utilities
- The irrigation, urban water and energy industries
- Peak industry and environment groups
- Consumer interest groups

Our values

As individual staff, work teams and as a Department, we seek to:

- **act with integrity** – being ethical, impartial, transparent and honest; supporting a corruption-resistant culture
- **act professionally** – treating colleagues and clients with respect; basing decisions on the best available science; using and producing the best research, data and analysis; being innovative and pursuing excellence
- **work safely** – being amongst the best in health and safety practices and performance
- **work collaboratively** – demonstrating teamwork; developing strong, trusting, cooperative partnerships with stakeholders across government, community and industry
- **focus on client service** - being responsive and accountable; demonstrating commitment to achieving results for communities; meeting standards for quality, timeliness and accuracy
- **promote sustainability** - leading the water and energy policy debate; exploring the full range of solutions in a spirit of open, honest and constructive discussion to generate sustainable water and energy supply and use

Our operations

DWE is a general government budget dependent agency. That is, our income is sourced largely from government allocations. Our expenditure budget in 2007-08 is around \$430 million. As we work in partnership with other organisations to achieve our goals, nearly \$310 million (72%) of this expenditure is distributed to third parties in the form of grants and subsidies.

We have a staff of around 680 people with a skills base largely in professional policy, regulatory, scientific and technical areas across the full range of water and energy issues. Our staff are based in 45 offices around the State with our head office in central Sydney.

We have a relatively small corporate support unit providing strategic corporate development services with most business transaction-type services being provided by the Department of Commerce through service level agreements.

Strategic issues and challenges

New South Wales and DWE face many challenges arising from population growth, changes in lifestyle and the competing claims on scarce resources. All require careful management.

Providing a secure and sustainable water supply for all NSW users, in the light of potential reductions in water availability and increases in variability

Drought is emerging as a potentially much more frequent feature of the NSW landscape. NSW is currently in the worst drought on record, which poses significant problems for agriculture and security of urban water supplies for regional communities.

Studies indicate that climate change may mean the accuracy of existing models will reduce, and may also put the reliability of supplies for both irrigation and town water at risk in some regions. There is a need for more work to better understand the impacts of climate change and natural climate variability on not only water supplies and demand patterns, but also wetlands and riparian and groundwater-dependent ecosystems. New scenarios need to be modelled, and new models may need to be developed, to assess potential impacts. The key issue is whether there is sufficient flexibility within existing water infrastructure and water management institutions to successfully manage our water supply in much drier and/or variable conditions. DWE will need to develop adaptive management strategies based on research results and best available science. Further, climate change and variability will require significant additional investment for many parts of the state in the development of new options to increase supply and/or reduce demand.

Ensuring NSW interests under the National Plan for Water Security and securing NSW funds under the National Water Initiative and the Australian Government Water Fund

The Australian Government's National Plan for Water Security may have significant implications for DWE and water management in NSW. There are potential changes in areas such as water sharing plans, particularly reassessment of sustainable yields, resource management in the Murray-Darling Basin (MDB), management and operation of the rivers, metering and monitoring, and compliance and enforcement. The first steps involve the Australian Government making an assessment of what the national approach should be and preparing a basin-wide strategic plan for the MDB. Details of the National Plan are not yet known. An intention to provide significant funds has been announced by the Australian Government, however the call on NSW funds could be increased.

Delivering DWE's water management responsibilities under the 2006 IPART determination

In its 2006 determination, the Independent Pricing and Regulatory Tribunal (IPART) projected bulk water charges revenue levels for DWE until 2010 after allowing for efficiency savings, the sharing of costs between Government and water users and a transitional price path towards full cost recovery. Given that revenue levels have been reduced in the short term because less water is used in the current drought period, the major challenges for DWE will be to devise smart strategies and access the requisite funding to ensure it can deliver all of its water management responsibilities.

Transforming the regulatory structure of the NEM

Transformation of State-based energy markets into an effective and efficient national regime poses significant challenges in terms of timing, complexity and resourcing. Recent Council of Australian Governments (COAG) decisions regarding the implementation of a single National Energy Market (NEM) operator (for both the gas and electricity markets) and a national transmission planner for the electricity grid, will present challenging opportunities for DWE.

Continuing the reforms to the NEM will involve working with and establishing new institutions, such as the Australian Energy Market Commission (AEMC) and Australian Energy Regulator (AER). This has, and should further, increase investment certainty leading to more investment in utility infrastructure.

The outcomes of the Owen Inquiry into NSW energy needs may also impact DWE significantly with a requirement for ongoing extensive policy and regulatory advice.

Reducing greenhouse gas emissions from the energy sector and increasing the proportion of energy supplied from renewable sources

Climate change and the factors that contribute to it are key concerns for the community. It is important that we lower the carbon intensity of the NSW economy so that NSW is resilient in response to the economic changes that will occur as a global carbon price emerges in the international economy. Energy is a major producer of emissions in Australia. In response to this reality, the energy industry has led the development of policies to reduce emissions, such as Greenhouse Gas Reduction Scheme (GGAS) and NSW Renewable Energy Target (NRET). Further development of energy policy initiatives will need to take into account the targets for greenhouse gas reduction in the State Plan and the NSW targets for renewable energy supply, so that NSW is well positioned to manage the economic impacts of a future global price for carbon.

Harnessing innovation

Reforms implemented by DWE to encourage competition are designed to encourage the participation of the private sector in the water, gas and electricity markets to ensure that innovative, competitive, efficient and affordable water and energy services are delivered to consumers. Competition reforms - such as the *Water Industry Competition Act* and the associated regulation currently under development, amendments to the *Pipelines Act* and reforms to refine the regulatory framework for the delivery of recycled water - support innovation and new investment by the private sector. These incentives for innovation, when coupled with appropriate community safeguards such as licensing to protect consumers, and public health and safety, are expected to facilitate increased customer choice and satisfaction and ensure a level playing field exists between Government and private sector participants in the water, gas and electricity markets.

Dealing with growth in demand for water and energy from an increasing population and lifestyle changes

The trend in population growth directly impacts coastal and regional centres. This growth increases demand for water and energy, particularly in metropolitan and large regional centres throughout NSW. Changes in human behaviour and lifestyle, such as the use of air conditioners, have also influenced the demand for, and consumption of electricity. The National Energy Market Management Company (NEMMCO) forecasts that peak demand for electricity in NSW is now likely to increase by around 2.7 per cent a year. If actual peak demand growth is higher than expected, energy network investments may just keep up with demand rather than improve reliability performance. Ultimately, significant additional investment in the development of new supply options will be needed.

In the meantime, effective conservation and education programs can lead to significant demand reductions. For example, despite an extra one million people, Sydney still uses the same amount of water as it did in 1974, due in part to intensive water savings programs.

Population growth and lifestyle changes underline the need for DWE to continue its efforts in facilitating water and energy conservation and education; driving water recycling initiatives; promoting and driving effective urban water planning; and encouraging the development of diversified water and energy supplies, including through the use of new technologies.

Key Result Areas and targets

Having identified and reviewed the strategic issues and challenges DWE faces, we then established the key result areas that we will focus on to address these issues and to work towards the achievement of the Government's goals and targets on behalf of NSW communities. These goals and targets, set out in the 2006 NSW State Plan, have been established for the next decade. This section provides an overview of our main aims in each of these key result areas incorporating the relevant State Plan targets.



KRA 1 Water management

Water management is the secure and sustainable allocation of NSW water resources to various users including towns and cities, industry, farmers and the environment. DWE aims to share water to stimulate regional business investment, provide social benefits and to improve the condition of our rivers, wetlands, and aquifers.

DWE is the lead agency for **State Plan Priority E1: A secure and sustainable water supply for all users**, and the target in relation to rural water use is: **Across NSW meet the commitments under the National Water Initiative to restore water extraction from rivers to sustainable levels.**

DWE is a partner agency in State Plan Priority E4: *Better environmental outcomes for native vegetation, biodiversity, land, rivers and coastal waterways.* Within this priority, DWE is a lead agency for subtargets 5 and 6. **By 2015 there is:**

- **an improvement in the condition of riverine ecosystems;** and
- **an improvement in the ability of groundwater systems to support groundwater dependent ecosystems and designated beneficial uses.**

Secure water rights and tradable water licences also promote business confidence, increasing investment in regional water industries, which is a target of **State Plan Priority P6.**

DWE's resources and strategies will be directed as far as possible to achieving these State Plan targets.



KRA 2 Urban water utilities

In order to manage this key result area effectively, DWE has arranged the outcomes into two broad areas: Urban water management in the Sydney Greater Metropolitan and Hunter areas; and in non-metropolitan NSW. As described above, DWE is the lead agency for **State Plan Priority E1: A secure and sustainable water supply for all users.**

State Plan Priority E1 targets for metropolitan water use are:

- **Increase water recycling: increase the volume of water recycled from 15 billion litres per year to 70 billion litres per year by 2015**
- **Improve efficient water use: save 145 billion litres of water by 2015, representing almost a 25 per cent reduction from Sydney's projected water demand in that year**
- **Meet reliability performance standards for water continuity and quality.**

State Plan Priority E1 targets for urban water use in non-metropolitan areas are:

- **Meet reliability performance standards for water continuity and quality**

- **Improve efficiency and recycling in regional centres.**

Further development, review and implementation of the Metropolitan Water Plan will be a high priority for DWE. Another key focus is to develop effective regulatory frameworks for recycling and, through the *Water Industry Competition Act*, facilitate the delivery of urban water services by the private sector in competition with publicly owned water utilities, while continuing to protect public health, consumers and the environment.

DWE contributes to **State Plan Priorities P2 and P6 focussing on investment in infrastructure and regional NSW.** In non-metropolitan areas, an increase in funding of an additional \$160 million for the Country Towns Water Supply and Sewerage Program was approved last year, bringing the total to about \$1.1 billion. In addition to facilitating compliance of local water utilities (LWU) with the *Best-Practice Management Guidelines*, DWE's focus will be to deliver this backlog funding efficiently to ensure value for money. Drought management and water conservation will be critical priorities in pursuing reliability and security of supply.



KRA 3 Energy supply and use

A key priority for DWE will be to lead the disparate State-based electricity and gas markets into a harmonious national energy market regime ensuring NSW's economic, social and environmental interests are met. This will also contribute to achieving **State Plan Priority P2** focussing on increased investment in infrastructure.

In addition, DWE is the lead agency for **State Plan Priority E2: A reliable electricity supply with increased use of renewable energy.**

The targets for this priority, representing significant improvements in NSW, are:

- **Achieve electricity reliability for NSW of 99.98% by 2016**
- **Achieve 15% renewable energy consumption by 2020.**

DWE is also a partner agency in **State Plan Priority E3: Cleaner air and progress on greenhouse gas reductions.** This will require DWE to work towards reducing greenhouse gas emissions particularly from the energy sector.



KRA 4 Organisational capability

We are continually trying to enhance our capacity to cost-effectively deliver high quality services to our clients across the State, being responsive to their needs and responding appropriately at all times.

There are a number of State Plan priorities which help guide DWE's activity and resource allocation. These priorities have a 'whole-of-government' focus and will be achieved in part through reform agendas run through DWE.

State Plan Priority S8: Increased customer satisfaction with Government services requires DWE to improve the quality of services it delivers directly to the community and, in its role as regulator or quasi-regulator, to drive improved service delivery in the State-Owned Corporations and local water utilities which it oversees.

State Plan Priority P3 focuses on cutting red tape. DWE has direct responsibility for advising three Ministers on 30 pieces of primary legislation and

associated subsidiary legislation as well as managing more than 100,000 licences and permits. Given this, DWE has a clear role in helping to streamline administration and reduce regulatory load.

Within DWE, we are aiming to build an organisation that provides a safe, satisfying and equitable workplace for our staff. **The aim initially will be to create a unified, cohesive organisation that provides a strategic framework for development and growth of staff and improved business capacity.** In particular, the challenge of an aging DWE workforce is a critical human resource planning issue which will need to be addressed through targeted programs such as staff retention strategies, graduate employment, mentoring, knowledge transfer and succession planning.

Our vision

Reliable, efficient and sustainable water and energy supply and services for all New South Wales

Key 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 protected

Performance indicators

- ◆ % water extraction covered by WSPs
- ◆ % water licences converted to tradeable WALs
- ◆ Level of compliance with legislation
- ◆ % Snowy and Living Murray targets/milestones achieved
- ◆ % analysis and reporting targets/milestones achieved

- ◆ % Metropolitan Water Plan targets/milestones achieved
- ◆ % LWUs complying with Best-Practice Management Guidelines
- ◆ No. of people benefiting from water supply and sewerage systems improvements in non-metropolitan NSW

- ◆ % national energy reform commitments achieved
- ◆ % reliability targets /milestones achieved
- ◆ % renewable energy targets /milestones achieved
- ◆ % energy customer support payments processed within agreed standards

Outcomes

- Cooperative interstate water management - fulfilling National Water Initiative commitments (State Plan Priorities - P6, E1, E4)
- Water sharing plans implemented with clear and enforced water rights supporting a viable water market - promoting secure rights and sustainable extraction (SP- P6, E1, E4)
- Industry adjusted and water environments improved - achieving economic and environmental sustainability (SP- P6, E1)
- Informed decisions on use, protection and management costs (SP- P6, E4)

- Water supplies diversified and balanced with demand - improving reliability of supply (State Plan Priority - E1)
- Enhanced LWU performance and management - improving reliability of supply and quality (SP - E1)
- Value-for-money water infrastructure - contributing to State Plan reliability and investment priorities (SP - E1, P6)
- Water education, conservation and recycling programs in place - to achieve State Plan water recycling and savings targets (SP - E1)
- Equitable access to water services and protected customers

- NSW participating in efficient national energy market contributing to more efficient investment and reduction in red tape (State Plan Priorities - P2, P3)
- Network operators comply with improved regulatory framework and contribute to State Plan energy reliability targets (SP- E2)
- Renewable energy and efficiency incentive programs in place supporting State Plan renewable energy and greenhouse targets (SP- E2, E3)
- Vulnerable customers protected

Key services

- Management of interstate water sharing arrangements
- Development and implementation of Water Sharing Plans
- Administration of water licensing and supporting the market framework
- Management of structural adjustment, funding support and works programs
- Advice on plans for protection of water ecosystems
- Monitoring, advice and science and information provision

- Planning and policy development for urban water industries
- Provision of technical guidance and assistance to LWUs
- Overseeing and monitoring utility performance
- Provision of water and sewerage infrastructure funding
- Education and promotion of water conservation and recycling
- Payments for water and sewerage customer rebates

- Policy development and analysis for national energy markets, supply and demand forecasting
- Promoting and maintaining competition in energy supply markets
- Electricity and gas network and licensed pipeline regulation and performance monitoring
- Promotion of renewable energy and energy efficiency and saving schemes
- Implementation of customer protection strategies

Performance indicators

- ◆ Level of client satisfaction with service quality

- ◆ Percentage of line managers trained in OHS

- ◆ Staff turnover
- ◆ Extent of achievement of EEO targets

Outcomes

Service Delivery
High quality cost-effective services supporting increased client satisfaction (State Plan Priority - S8)

Governance and Risk
A safe, healthy work environment with minimal risk in decisions and activities

People and Culture
Retaining and attracting the best people in a fair professional workplace

Systems, Processes and Information Resources
Uniform, efficient and cost-effective information, systems and procedures

Financial and Asset Management
Efficient, accurate and informative financial and asset management

Our values

act with integrity

act professionally

work safely

work collaboratively

focus on client service

promote sustainability

Water management

Urban water utilities

Energy supply and use

Organisational capability

Outcomes, strategies and performance indicators

Here we identify the outcomes we want to achieve, the strategies we will use to achieve them and the performance indicators we will use to measure our success. In other words it outlines how we will go about achieving the results and sets the framework for more detailed business plans for delivery of services.



KRA 1 Water management

Planned Result: Secure and sustainable allocation of water between communities, industry, farmers and the environment.

Performance indicators

- Proportion of water extraction covered by water sharing plans
- Proportion of Water Act licences converted to tradable Water Access Licences under the Water Management Act
- Level of compliance with legislation and statutory instruments
- Proportion of Snowy and Living Murray programs targets/milestones achieved
- Proportion of analysis and reporting targets/milestones achieved

Outcomes	Strategies
Co-operative management of NSW water resources within an effective national framework	<ul style="list-style-type: none"> ■ Lead NSW implementation of the National Water Initiative ■ Ensure the National Plan for Water Security satisfies NSW conditions for security and sustainability of water access for NSW water users ■ Represent NSW interests in the management of water across state boundaries
Water sharing plans providing sustainable allocations for users and the environment	<ul style="list-style-type: none"> ■ Provide for the diverse range of competing needs for water, including the environment and basic landholder rights ■ Establish statutory water sharing plans for all NSW water sources ■ Develop and monitor environmental water rules and maintain extraction limits to protect environmental share
Clear and enforced water rights supporting a viable water market	<ul style="list-style-type: none"> ■ Provide perpetual, mortgageable and guaranteed licensed rights to water ■ Continue to convert <i>Water Act</i> licences to <i>Water Management Act</i> licences and approvals and facilitate listing on Water Access Licence Register ■ Regulate activities and taking of resources in riparian zones ■ Promote compliance through an integrated, risk-based approach incorporating education, monitoring and enforcement ■ Review DWE's compliance and enforcement programs for water management including metering systems to better align with arrangements under the National Water Plan ■ Facilitate and expand the water trading market, including online access to information on water licences and trades
Water industry adjusted and water environments improved	<ul style="list-style-type: none"> ■ Assist communities to adjust to new water sharing arrangements where necessary ■ Contribute to and manage programs for improved water use and delivery efficiency ■ Implement strategies to manage thermal pollution, algal blooms and water salinity, including salt credits scheme
Informed decisions on the use and protection of water resources and the cost of management	<ul style="list-style-type: none"> ■ Develop information management systems, analysis tools, standards and protocols and skilling programs that enable access to the best available science and information ■ Measure, assess and report the quality, distribution, use, health and socio-economic value of NSW water resources and freshwater ecosystems ■ Plan for and provide advice to state and local government on the taking of natural resources on waterfront land to preserve rivers' natural values ■ Prepare robust pricing submissions to IPART to ensure appropriate cost recovery pricing arrangements for water management activities



KRA 2 Urban water utilities

Planned Result: Urban water supplies are reliable and sustainable and services are well managed, efficient and equitable across NSW

Performance Indicators

- Proportion of Metropolitan Water Plan targets/milestones achieved
- Proportion of LWUs complying with Best-Practice Management Guidelines
- Number of people benefiting from water supply system improvements in non-metropolitan NSW
- Number of people benefiting from improved sewerage systems in non-metropolitan NSW

Outcomes	Strategies
Water supplies diversified and balanced with demand	<ul style="list-style-type: none"> ■ Identify ways to ensure Sydney's water supplies and demands are balanced and diversify its water sources to serve a growing population, reflect a changing climate and insure against drought ■ Update the Metropolitan Water Plan regularly to reflect latest research developments and decisions, such as changes in community behaviour and advances in technology ■ Work with local government and other partners to facilitate the uptake of Integrated Water Cycle Management across the water industry ■ Facilitate innovation through effective competition in water markets and the appropriate regulation of new entrants
Enhanced LWU performance and management	<ul style="list-style-type: none"> ■ Facilitate and monitor implementation of the <i>Best-Practice Management Guidelines</i> by LWUs ■ Manage infrastructure approvals and monitor compliance with regulations and <i>Best-Practice Management Guidelines</i> ■ Review LWU structural and regulatory arrangements ■ Publish the <i>NSW Water Supply and Sewerage Performance Monitoring Report</i> annually
Value for money water infrastructure in place	<ul style="list-style-type: none"> ■ Provide technical and financial support to LWUs in non-metropolitan NSW for the capital costs of backlog water supply and sewerage infrastructure ■ Facilitate implementation of sound water supply, sewerage and trade waste pricing and developer charges in line with the <i>Best-Practice Management Guidelines</i>.
Water education, conservation and recycling programs in place	<ul style="list-style-type: none"> ■ Promote improved water efficiency in homes, businesses and government ■ Manage the cross-Government <i>Water for Life</i> Education Program ■ Implement programs promoting water recycling including the Sydney Recycled Water Grid and appropriate reuse of greywater ■ Create a competitive and dynamic water industry to enable the private sector to be innovative and recycle more and support the ongoing operation of an effective licensing regime
Equitable access to water services and supported customers	<ul style="list-style-type: none"> ■ Ensure water conservation and drought management plans are in place to minimise the impact of disruptions to supply for regional customers ■ Provide ongoing technical and financial assistance to LWUs towards efficient and equitably available water services in NSW ■ Implement emergency capital works and water cartage to drought affected LWUs to ensure continuity of supply ■ Coordinate the pensioner water rebate schemes in Sydney Water and Hunter Water areas



KRA 3 Energy supply and use

Planned Result: Energy supplies are reliable and sustainable, services are safe and efficient and vulnerable customers are protected.

Performance Indicators

- Proportion of national energy reform commitments achieved
- Proportion of DWE's State Plan milestones for reliability targets achieved
- Proportion of DWE's State Plan milestones for renewable energy targets achieved
- Proportion of energy customer support payments processed within agreed standards

Outcomes	Strategies
NSW participating in an efficient national energy market	<ul style="list-style-type: none"> ■ Lead the transformation of the regulatory structure of the NEM ensuring NSW's economic, social and environmental interests are met ■ Support and work with the Ministerial Council on Energy (MCE) undertaking data analysis, modelling and reporting ■ Transfer distribution (non-economic) regulation and retail (non-price) regulation to the AEMC and AER ■ Provide ongoing policy advice to Government in pursuit of the outcomes from the Owen Inquiry ■ Support the implementation of agreed national gas market reforms
Network operators comply with improved regulatory framework	<ul style="list-style-type: none"> ■ Work with partners (Treasury, IPART, AER) to implement a regulatory framework for the provision, by energy utilities, of an energy supply which meets State Plan reliability targets ■ Continue to regularly monitor utility reliability performance and compliance with mandatory reliability standards and report progress against State Plan reliability targets ■ Facilitate the development of infrastructure such as pipeline installation and corrosion protection systems registration scheme ■ Ensure plans are in place to minimise the impact of disruptions to supply on the community, economy and environment ■ Coordinate the energy and utilities sector for the NSW Department of Premier and Cabinet's Critical Infrastructure Protection Management Framework program
Renewable energy and efficiency incentive programs in place	<ul style="list-style-type: none"> ■ Continue development of the NRET Scheme ■ Monitor and report progress against State Plan 2010 renewable energy target ■ Continue management and promotion of GreenPower program ■ Continue to manage Renewable Remote Power Generation Program (RRPGP) on behalf of Australian Greenhouse Office (AGO) ■ Develop and implement programs for reduction of greenhouse gas emissions ■ Manage GGAS ■ Strengthen the evidence base such as greenhouse data sets and reporting processes and methodologies for measuring individual program abatements ■ Implement and manage Minimum Energy Performance Standards (MEPS) and the energy efficiency labelling scheme
Vulnerable customers protected	<ul style="list-style-type: none"> ■ Facilitate effective competition in energy markets ■ Advise on implementation of effective energy pricing ■ Manage Retailer of Last Resort (ROLR) scheme ■ Manage energy concession programs



KRA 4 Organisational capability

Planned Result: Being responsive to stakeholders' needs through the provision of high quality, cost-effective services, staff supported and developed appropriately and business capacity improved.

Performance Indicators

- Level of client satisfaction with service quality
- Percentage of line managers trained in OHS
- Number of workplace injuries and incidents
- Staff turnover
- Extent of achievement of Equal Employment Opportunity (EEO) targets

Outcomes	Strategies
<p>Service Delivery</p> <p>High quality cost-effective services for clients</p>	<ul style="list-style-type: none"> ■ Establish a guarantee of service incorporating cost-effective service standards and customer feedback mechanisms, policies and processes ■ Review policies, procedures and guidelines, in collaboration with stakeholders, to streamline service delivery and improve compliance with legislative and government requirements ■ Communicate DWE's work and direction in effective consultation with the community and key stakeholders
<p>Governance and Risk</p> <p>A safe, healthy work environment with minimal risk in decisions and activities</p>	<ul style="list-style-type: none"> ■ Engage unions to ensure that industrial issues are managed effectively ■ Raise awareness and understanding of OHS issues and provide tools to enable managers and staff to improve workplace safety through implementation of an OHS framework ■ Incorporate a risk exposure assessment in DWE's decisions and activities ■ Develop an internal audit program to minimise the risk of fraud and maximise efficiencies in all business processes ■ Develop an Information Management Standards and Governance Framework to integrate safety and security into organisational governance systems to safeguard employees and assets
<p>People and Culture</p> <p>Retaining and attracting the best people in a fair professional workplace</p>	<ul style="list-style-type: none"> ■ Identify critical workforce planning issues and address them through targeted staff programs including staff retention strategies, graduate program, mentoring, knowledge transfer and succession planning ■ Promote key behaviours for managers and staff to ensure consistent, appropriate behaviour and treatment of colleagues and staff ■ Promote a positive workplace climate through change management activities, workplace surveys, individual work plans and team building ■ Develop internal communication mechanisms such as team briefings at executive and local levels using 'face to face' meetings where possible ■ Provide staff with learning and development opportunities ■ Develop a range of equity strategies to promote diversity and fairness
<p>Systems, Processes and Information Resources</p> <p>Uniform, efficient and cost-effective information, systems and procedures</p>	<ul style="list-style-type: none"> ■ Strengthen, coordinate and deliver high quality, customer-focussed systems to support effective decision making ■ Re-engineer business processes and procedures and automate transactions to achieve efficiency improvements ■ Provide common and consistent systems, procedures, standards and controls ■ Maintain control of decisions and recognition of local priorities through Service Level Agreements (SLA) and client management strategies ■ Develop an Information Management and Technology strategic plan to ensure infrastructure and business systems support business areas ■ Optimise online communication, information and knowledge sharing and collaboration mechanisms such as 'communities of practice'
<p>Financial and Asset Management</p> <p>Efficient, accurate and informative financial and asset management</p>	<ul style="list-style-type: none"> ■ Provide comprehensive, timely financial reports and submissions ■ Meet all statutory deadlines and other legislative requirements for external financial reporting ■ Develop a DWE Asset Utilisation and Disposal Strategy and a DWE Property Rationalisation Program

Management and Organisational structure

Management Framework

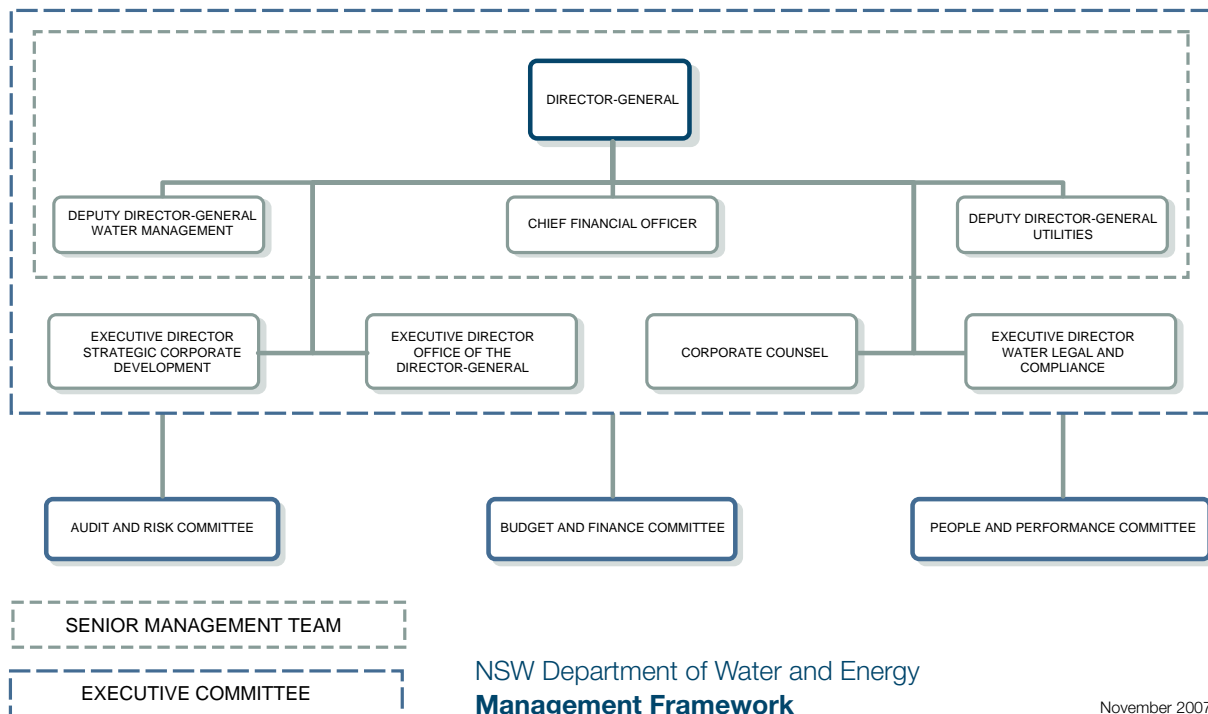
The Department is led by the Senior Management Team consisting of the Director-General, two Deputy Directors-General (Water Management and Utilities) and the Chief Financial Officer.

The Executive Committee, comprising the Senior Management Team and other divisional heads, coordinates and directs the operations of the Department.

There are three specific purpose committees that report to the Executive Committee:

- Audit and Risk
- Budget and Finance
- People and Performance

These three committees comprise members of the Executive Committee and Departmental officers with relevant specialist skills to provide advice, reports and recommendations on strategic corporate issues for the effective management of the Department.



Organisational structure

The detailed organisational structure for divisions and branches, shown on the facing page, has been designed to streamline operations and deliver core functions effectively.

Water Management Division – Water management policy, planning, licensing, systems and evaluation.

Utilities Division – Water utilities, Metropolitan Water, Energy strategy and reform, technical regulation and compliance.

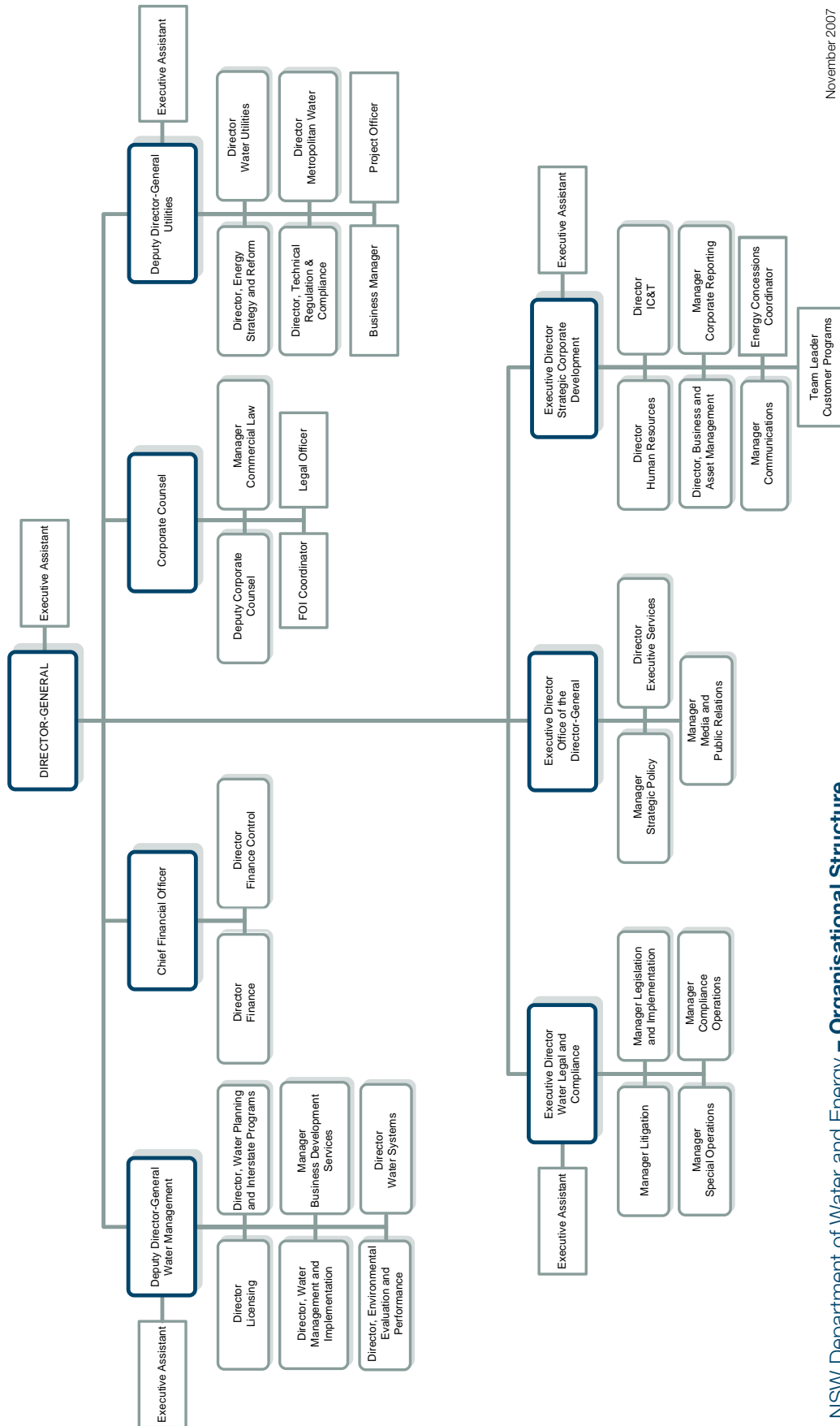
Corporate Finance Division – strategic budget and financial management.

Strategic Corporate Development Division – customer service interface as well as strategic corporate Human Resources, ICT, business and asset management, communications and corporate reporting.

Office of the Director-General – Strategic policy, Ministerial and Parliamentary, and Media and Public Relations services.

Corporate Counsel – Commercial law, Freedom of Information, corporate legal services.

Water Legal & Compliance – Water legislation, litigation and compliance.



November 2007

NSW Department of Water and Energy – Organisational Structure

Legislation administered

DWE provides advice and administrative services to three Ministers in the discharge of their allocated responsibilities under the following Acts:

Minister for Climate Change, Environment and Water

Water

Dams Safety Act 1978

Energy and Utilities Administration Act 1987, Part 6A; section 40 (1A); and section 45 in so far as it relates to Part 6A and section 40 (1A) (remainder, the Minister for Energy)

Hunter Water Act 1991, Part 5 Division 8

Menindee Lakes Storage Agreement Act 1964

Murray-Darling Basin Act 1992

New South Wales - Queensland Border Rivers Act 1947

Rivers and Foreshores Improvement Act 1948

Water Act 1912 (except sections 27(1) (e1) and (e2) jointly with the Minister for Water Utilities)

Water Management Act 2000 (except parts, jointly with the Minister for Water Utilities)

Minister for Energy

General

Energy and Utilities Administration Act 1987 (except parts, the Minister for Climate Change, Environment and Water)

Pipelines Act 1967 (jointly with the Minister for Climate Change, Environment and Water and the Minister for Water Utilities)

Electricity

Aberdare County Council (Dissolution) Act 1982

AGL Corporate Conversion Act 2002

Eastern Gas Pipeline (Special Provisions) Act 1996

Electricity Supply Act 1995

Energy Services Corporations Act 1995

Eraring Power Station Act 1981

Gosford-Wyong Electricity Supply (Special Provisions) Act 1985

National Electricity (New South Wales) Act 1997

Northern Rivers County Council (Undertaking Acquisition) Act 1981

Snowy Hydro Corporatisation Act 1997

Gas

Gas Industry Restructuring Act 1986

Gas Pipelines Access (New South Wales) Act 1998

Gas Supply Act 1996 (except part, jointly with the Minister for Commerce and the Minister for Fair Trading)

Minister for Water Utilities (jointly with the Minister for Climate Change, Environment and Water)

General

Pipelines Act 1967 (jointly with the Minister for Energy)

Public Works Act 1912, section 34(3) and (4) (remainder, the Minister for Commerce)

Water

Central Coast Water Corporation Act 2006

Hunter Water Act 1991 (except Part 5 Division 8, the Minister for Climate Change, Environment and Water)

State Water Corporation Act 2004

Sydney Water Act 1994

Water Act 1912, sections 27(1) (e1) and (e2) (remainder, the Minister for Climate Change, Environment and Water)

Water Efficiency Labelling and Standards (New South Wales) Act 2005

Water Industry Competition Act 2006 (except part 3, the Premier)

Water Management Act 2000, sections 71G, 76 and 85; Chapter 3 Part 4; Chapter 6 Part 2; Chapter 7 (all); Chapter 8 Part 2 (except section 372(1) (c), (5) and (6)); Chapter 9 (all except sections 392, 393 and 404); and Schedules 3, 4 and 5 in so far as they relate to the Fish River Water Supply Scheme and the following water supply authorities: Cobar Water Board, Gosford City Council, Sydney Olympic Park Authority, Wyong Council, and Australian Inland Energy Water Infrastructure (remainder, the Minister for Climate Change, Environment and Water)

In addition, certain sections of the Local Government Act 1993 (sections 56-66, 90 and others) give effect to the Country Towns Water Supply and Sewerage Program managed by DWE.

Glossary

AEMC	Australian Energy Market Commission	MWP	Metropolitan Water Plan
AER	Australian Energy Regulator	NEM	National Energy Market
AGO	Australian Greenhouse Office	NEMMCO	National Energy Market Management Company
CCEW	Climate Change Environment and Water	NRET	NSW Renewable Energy Target
COAG	Council of Australian Governments	NSW	New South Wales
DWE	Department of Water and Energy	OHS	Occupational Health & Safety
EEO	Equal Employment Opportunity	ROLR	Retailer of Last Resort
GGAS	Greenhouse Gas Reduction Scheme	RRPGP	Renewable Remote Power Generation Program
HWC	Hunter Water Corporation	SLA	Service Level Agreement
IPART	Independent Pricing and Regulatory Tribunal	SWC	Sydney Water Corporation
LWU	Local Water Utility (in non-metro NSW)	WAL	Water Access Licence
MCE	Ministerial Council on Energy	W Act	Water Act 1912
MDB	Murray-Darling Basin	WM Act	Water Management Act 2000
MEPS	Minimum Energy Performance Standards	WU	Water Utilities

Further information

More information on DWE's programs and services is available from:

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- Energy Information Line: 1300 136 888
- Renewable Remote Power Generation Program: 1300 137 880
- Water legislation non-compliance reporting: 1800 633 362
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