



PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee

2023–24 Financial and Performance Outcomes Questionnaire

Melbourne Water Corporation

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Introduction – Financial and Performance Outcomes Questionnaire

The Committee's inquiry into the 2023–24 Financial and Performance Outcomes examines:

- the Government's actual versus budgeted expenditure and revenue
- the actual versus target performance outcomes at a departmental/agency level
- other expenditure unforeseen at the time of preparing the 2023–24 Budget and outcomes achieved.

The inquiry aims to benefit the Parliament and the community by:

- promoting the accountability, transparency and integrity of the executive and the public sector
- encouraging the effective and efficient delivery of public services and assets.

This questionnaire seeks information on the departmental/agency financials for the 2023–24 financial year, what was achieved during the year and how that compares to expectations.

Consistency with the budget papers

Whenever referring to an initiative/program/project that is in the budget papers, please use the same name as is used in the budget papers. This ensures that the Committee can correlate the information provided by the department with the information in the budget papers.

Basis of consolidation

For departments, please use the same basis of consolidation as was used in the budget papers and in the budget portfolio outcomes statement in the department's annual report.

Section A: Output variances and program outcomes

Question 1 (all departments) Completed output initiatives from past budgets – **Not applicable**

For all initiatives that were completed in 2023–24 please provide details of the expected outcomes for the community and the actual outcomes achieved to date. Please use initiatives names as specified in *Budget Paper No. 3: Service Delivery* and link the initiative to the responsible output(s) and portfolio(s).

Question 2 (all departments) Program outcomes – **Not applicable**

Outcomes reflect the impact on the community of the goods and services provided by a department. The questions in this section relate to the outcomes that the department contributed to in 2023–24.

- a) Using the table below, please outline the five programs that delivered the most important outcomes in the community¹ achieved by the department in 2023–24, including:
 - i. The name of the program
 - ii. The output(s) and portfolio(s) responsible for delivery of the program
 - iii. The program objectives
 - iv. The actual outcome achieved
 - v. The actions taken to deliver the actual outcome (i.e. the most important elements/essential parts that led the department to deliver the outcome).

- b) Using the table below, please outline the five least performing programs that did not deliver their planned outcomes in the community by the department in 2023–24, including:
 - i. The name of the program
 - ii. The output(s) and portfolio(s) responsible for delivery of the program
 - iii. The program objectives
 - iv. The actual outcome achieved
 - v. Explanation for not achieving the planned outcome (including a description of what actions were taken to try and achieve the planned outcome).

¹ 'Outcomes' are the impact of service delivery on the community rather than a description of the services delivered. An outcome could be considered important for a variety of reasons, such as the amount of funding allocated to the program, the public interest in the service or goods being delivered or where particular actions taken by the Department delivered improved outcomes.

Question 3 (all departments) Treasurer's Advances and other budget supplementation – Not applicable

- a) Please identify all output(s) and portfolio(s) (and relate them to departmental programs) for which the department received additional funding after the 2023–24 Budget.

For each output, please quantify the additional funding, indicate the source of the additional funding (e.g. Treasurer's Advance, unused prior years appropriations under s32 of the *Financial Management Act 1994* (Vic), supplementation through a Temporary Advance under section 35 of the FMA, or any possible sources of funding as listed in the Resource Management Framework (2024), (section 4)) and explain why additional funding was required after funding was allocated in the Budget.

- b) Please provide the details of the outcomes achieved from each of these programs.

Question 4 (all departments) Central contingencies – Not applicable

The Resource Management Framework (2024, Section 4.5, pg. 90) provides guidance on how departments access funding from central contingencies.

Please provide information regarding funding received from central contingency in 2023–24, including: the output and portfolio or Government decision related to the funding, the amount of funding received, the amount of funding utilised, funding received through previous budgets for the same purpose and why funding from contingency was required.

Question 5 (Department of Health only) 2023–24 Budget funding allocation and performance – **Not applicable**

The 2023–24 Budget allocated \$2.3 billion to the line item *Meeting the needs of Victorian public hospital services*.

- a) Please provide a detailed breakdown of the actual amount spent in 2023–24. Please provide an explanation for any variances of $\pm 5\%$ based on budgeted vs actuals by output.

- b) To gain an understanding of Victoria’s health care system and performance, please provide the data for the following variables, including an explanation for the increase or decrease compared to the previous year’s data.

Question 6 (Department of Health only) Mental health and wellbeing levy – **Not applicable**

Regarding the Mental Health and Wellbeing surcharge/levy, please provide the amount of funding received from the levy in 2023-24, what outputs the department spent with the funds over 2023-24 and what outcomes were achieved.

Question 7 (Department of Families, Fairness and Housing only) Victorian Contribution to National Disability Insurance Scheme – **Not applicable**

a) The 2023–24 Budget allocated \$2.9 billion in payments on behalf of the state to the National Disability Insurance Agency.² In relation to outcomes achieved in 2023–24, please provide the following information on disability services and support in Victoria:

- b) In 2023–24 what disability services did the Victorian Government provide?

- c) Please outline the three most significant disability services/programs provided by the Victorian Government in 2023–24, including amount expended, funding source and outcomes achieved for people with disability.

² Department of Treasury and Finance, *Budget Paper No. 5: 2023–24 Statement of Finances*, Melbourne, 2023, p. 96.

Section B: Asset investment

Question 8 (all departments) Capital expenditure variances, completion date and scope changes – existing projects – **Not applicable**

Please provide details of all capital asset programs where:

- a) there was a variance between TEI at announcement compared to the TEI as at 30 June 2024 of equal to or greater than $\pm 5\%$ and an explanation for the variance
- b) the estimated completion date at announcement is different to the completion date as at 30 June 2024 and an explanation for the change
- c) the scope of the project at announcement is different to the scope of the project as at 30 June 2024.

Question 9 (all departments) Details of actual capital expenditure – completed projects (or expected to be completed) – **Not applicable**

Please provide the following details about asset investment projects that were completed in 2023–24:

- a) Project name, project objectives and Department(s), Output(s) and Portfolio(s) and/or Agency/Agencies responsible for delivery of the project
- b) Total Estimated Investment (TEI) at announcement
- c) Actual cost of project
- d) Estimated completion date at announcement
- e) Actual completion date
- f) Explanations for any variance in capital expenditure and/or completion date.

Question 10 (all departments) High-value high-risk projects, gateway reviews and business cases – Not applicable

Under the High Value High Risk (HVHR) Framework, a project will be classified as HVHR if it is a budget funded project that has a Total Estimated Investment (TEI) of over \$250 million. HVHR projects are subject to compulsory Gateway reviews, where Gates 1 through 6 are compulsory for all eligible projects: Gate 2 outlines the development of a business case.

Please list all projects included in 2023–24 that were allocated to the department and were classified as HVHR and the project objectives. Please also specify which Gateway reviews, if any, were completed during 2023–24 and business case details for each project.

Question 11 (all departments) Public Private Partnership (PPP) expenditure – existing and completed – Not applicable

Please provide the following information related to the department's PPP projects:

- a) The total estimated PPP investment value, the total actual expenditure from announcement to 30 June 2024, or the actual expenditure to 30 June 2024 and the benefits of using the PPP financing model when delivering/funding a project over other financing methods.
- b) Where the estimated completion date at announcement is different to the completion date in the 2023–24 Budget, and an explanation for any variance.
- c) Where the scope of the PPP at announcement is different to the scope of the project as it is presented in the 2023–24 Budget.

Question 12 (DTP only) Alliance contracting expenditure – existing and completed – Not applicable

Please provide the following information related to the department's alliance contracting projects:

- a) The total estimated investment value, the total actual expenditure from announcement to 30 June 2024, or the actual expenditure to 30 June 2024 and the benefits of using the alliance contracting model when delivering/funding a project over other financing methods.
- b) Where the estimated completion date at announcement is different to the completion date in the 2023–24 Budget and an explanation for any variance.
- c) Where the scope of the alliance contract at announcement is different to the scope of the project as it is presented in the 2023–24 Budget.

Section C: Revenue and appropriations

Question 13 (all departments and entities) Revenue – variances from previous year

Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million between the actual result for 2022–23 and the actual result for 2023–24 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any revenue reductions affected service delivery and then link it to the relevant output and portfolio.

Please also detail the outcomes in the community³ achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no revenue/income categories for the department/agency for which the 2023–24 expenditure changed from the prior year’s expenditure by more than $\pm 10\%$ or \$100 million, you do not need to answer this question. If this is the case, please indicate ‘no relevant line items’ in the table(s) below.

Revenue category	2022–23 actual (\$ million)	2023–24 actual (\$ million)	Explanations for changes $\pm 10\%$ or \$100 million	How the additional revenue was used/the impact of reduced revenue. If no impact, how was this achieved	Relevant output(s) and portfolio(s)
Revenue from contracts with customers	1,908.5	2,026.4	Increased revenue due to higher bulk water, bulk sewerage and waterways and drainage revenue as per the previous price determination and higher water volumes and waterways and drainage customer numbers.	Increased revenue is partly offset by higher expenditures.	Not applicable

³That is, the impact of service delivery on the community rather than a description of the services delivered.

Other income	10.0	13.9	Higher Government grants revenue.	The increase in revenue is offset by a corresponding increase in expenditure so no significant overall impact to net results.	Not applicable
Net gain on revaluation of non-financial assets	0.9	0.0	Not a material amount	No material impact	Not applicable

Question 14 (all departments and entities) Revenue – variances from budget to actual

Please explain any variances equal to or greater than ±10% or \$100 million between the initial budget estimate (not the revised estimate) and the actual result for 2023–24 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any revenue reductions affected service delivery and then link it to the relevant output and portfolio.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Revenue category	2023–24 Budget estimate (\$ million)	2023–24 actual (\$ million)	Explanations for changes ±10% or \$100 million	How the additional revenue was used/the impact of reduced revenue. If no impact, explain why	Relevant output(s) and portfolio(s)
Revenue from contracts with customers	2,004.0	2,026.4	Not applicable	Not applicable	Not applicable
Other income	3.4	13.9	The increase relates to Government grants revenue not included in the 2023-24 budget estimate (Corporate plan).	The increase in revenue is offset by a corresponding increase in expenditure so no significant overall impact to net results.	Not applicable

Section D: Expenses

Question 15 (all departments and entities) Expenses changed from previous year

Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million with regards to the actual result for 2022–23 and the actual result for 2023–24 for each category of expenses detailed in your operating statement. Please explain any changes equal to or greater than $\pm 10\%$ or \$100 million with regards to the actual result for 2023–24 and the 2023–24 budget estimate. Please also detail the outcomes in the community⁴ achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

Expenses category	2022–23 actual \$ million	2023–24 actual \$ million	Explanations for variances $\pm 10\%$ or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses. If no impact, how was this achieved
Depreciation and amortisation expenses	469.5	487.9	Not applicable	Not applicable
Operational expenses	266.0	278.0	Not applicable	Not applicable
Employee benefits expenses	156.1	167.0	Not applicable	Not applicable
Repairs and maintenance expenses	110.1	121.1	Not applicable	Not applicable
Administrative expenses	55.6	61.0	Not applicable	Not applicable
Finance expenses	550.7	564.1	Not applicable	Not applicable
Government rates and taxes	46.6	58.8	Increase in government rates and taxes mainly due to increased land tax.	No significant overall impact to net results.
Asset transfers to councils	43.5	39.1	Asset transfers to council relate to Drainage Developer Scheme works that are transferred to councils for ongoing maintenance	No significant overall impact to net results.

⁴That is, the impact of service delivery on the community rather than a description of the services delivered.

			upon reaching formal council acceptance to transfer. These can fluctuate depending on timing of developer activity and notification of council acceptance.	
Other expenses	17.8	8.5	Other expenses have decreased mainly due to lower Community Services Obligation valuation adjustments on purchased land.	No significant overall impact to net results.

Expenses category	2023–24 budget \$ million	2023–24 actual \$ million	Explanations for variances ±10% or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses. If no impact, how was this achieved
Depreciation and amortisation expenses	463.5	487.9	Not applicable	Not applicable
Operational expenses	293.8	278.0	Not applicable	Not applicable
Employee benefits expenses	176.6	167.0	Not applicable	Not applicable
Repairs and maintenance expenses	128.5	121.1	Not applicable	Not applicable
Administrative expenses	55.3	61.0	Higher administrative expenses driven by higher agency staff costs, partially offset by lower employee benefits expenses.	No significant overall impact to net results.
Finance expenses	585.6	564.1	Not applicable	Not applicable
Government rates and taxes	38.1	58.8	Increase in government rates and taxes mainly due to increased land tax.	No significant overall impact to net results.

Asset transfers to councils	50.0	39.1	Asset transfers to council relate to Drainage Developer Scheme works that are transferred to councils for ongoing maintenance upon reaching formal council acceptance to transfer. These can fluctuate depending on timing of developer activity and notification of council acceptance.	No significant overall impact to net results.
Other expenses	4.3	8.5	Other expenses are higher mainly due to higher than expected Community Services Obligation valuation adjustments on purchased land.	No significant overall impact to net results.

Question 16 (all departments, PFC, PNFC and entities) Changes to service delivery from savings initiatives

For each of the savings initiatives detailed in the 2023–24 Budget please provide the following details of the impact on service delivery:

- a) Savings target in the 2023–24 Budget and the amount of the savings target allocated to the department/entity.
- b) Actual savings achieved in 2023–24 and the actions taken to achieve the savings target allocated and their impact, including the link to the relevant output and portfolio impacted.

Savings initiative in the Budget	Savings target allocated to the department/entity in 2023–24 \$ million	Actual savings achieved in 2023–24 \$ million	Actions taken to achieve the allocated savings target	What was the impact as a result of the measures taken to achieve the savings target? <i>(e.g. frontline and/or other areas of business that saw the impact)</i> If no impact, how was this achieved	Which output(s) and portfolio(s) were impacted (if relevant)
Labor’s Financial Statement savings	Not applicable				
Whole of Government savings and efficiencies	Not applicable				
COVID Debt Repayment Plan – savings and efficiencies	\$25.4 million	<ol style="list-style-type: none"> 1) \$3.5 million 2) \$10.0 million 3) \$11.9 million 	<ol style="list-style-type: none"> 1) Efficient / prioritised allocation of resourcing – based on initial efficiency dividend estimate of \$4.1 million. 2) Deferral of key initiatives in progress – needed to slow existing initiatives down when dividend 	<ul style="list-style-type: none"> • Ongoing operational efficiencies and savings. • Slowing of key strategic initiatives in order to accommodate the increased efficiency dividend will impact the delivery of outcomes focused on climate change, transition and digital innovation. 	Not applicable

			<p>increased from \$4.1 million to \$25.4 million in May 2024.</p> <p>3) Reallocation of funds set aside for other initiatives which were yet to commence.</p>		
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Question 17 (all departments) Achievement of reprioritisation of existing resources – Not applicable

The 2023–24 Budget included targets for ‘reprioritisation and revenue offsets’ to fund new initiatives (2023–24 Budget Paper No. 2, p. 59). This is in addition to any savings or efficiencies resulting from expenditure reduction measures. For the department (including all controlled entities),⁵ please indicate:

- a) what areas of expenditure (including projects and programs if appropriate) the funding was reprioritised from (i.e. what the funding was initially provided for)
- b) what areas of expenditure the funds were spent on
- c) for each area of expenditure (or project or program), how much funding was reprioritised in each year
- d) the impact of the reprioritisation (in terms of service delivery) on those areas.

Question 18 (all departments) Contractors, Consultants and Labour Hire Arrangements – Not applicable

- a) Please indicate how much the department spent on contractors (including labour hire) and consultant arrangements during 2021–22, 2022–23 and 2023–24. Labour hire arrangements include the cost of engaging the labour recruiting firm, plus additional costs paid to the labour recruiting firm for the provision of the services of the contractor. Please also explain variances equal to or greater than $\pm 10\%$ between years and list the business areas impacted and how.
- b) Please enter the actual amount spent on contractors and consultants that are from the Big Four accounting firms (aggregate) in 2023–24 and list the reasons for engaging the firms.

⁵ That is, please provide this information for the department on the same basis of consolidation as is used in the budget papers.

Question 19 (PNFC and PFC entities only) Dividends and other amounts paid to the general government sector

Please detail the type and value of dividends, amounts equivalent to dividends, non-dividend grants, and capital repatriations paid by your agency to the general government sector in 2023–24, explaining the reasons for any significant changes over that period and the impact of any changes on the entity.

Please provide the economic funding ratio or accounting funding ratio as applicable at 30 June 2024. Please provide details of the methodology used for the ratio calculation.

Type of dividend paid	2023–24 Budget (\$ million)	2023–24 Actual (\$ million)	Explanations for variances $\pm 10\%$ or \$100 million	Impact on the agency (including on financial position, investment, impacts on service delivery or infrastructure projects). If no impact, how was this achieved.	Funding ratio at 30 June 2024
Dividends	13.0	47.6	Actual 2023-24 dividend consists of final dividend for prior year of \$11.1 million, an interim dividend for current year of \$11.1 million and a new efficiency dividend for current year of \$25.4 million. The higher final prior year and interim current year dividends are due to higher profits. Dividends are determined by the Treasurer of Victoria after consultation with the Corporation’s Board	Impact from the new \$25.4 million efficiency dividend: <ul style="list-style-type: none"> • Finding ongoing operational efficiencies and savings. • Slowing of key strategic initiatives in order to accommodate the increased efficiency dividend which will impact the delivery of outcomes focused on climate change, transition and digital innovation. 	See below

			of Directors and the Minister for Water.		
Capital repatriation	40.4	80.8	Actual 2023-24 capital repatriations are higher due to deferral of 2022-23 capital repatriations to 2023-24 (\$40.4 million). Capital repatriations are determined by the Treasurer of Victoria after consultation with the Corporation's Board of Directors and the Minister for Water.	No material impact	

Economic funding ratio / accounting funding ratio as at 30 June 2024	Details of the methodology
1.78	Funding ratio = Total Assets / Total Liabilities

Section E: Overall financial performance

Question 20 (all departments) Impact of unforeseen events on financial performance – 2023–24 – **Not applicable**

Please outline and quantify, where possible, the impacts of unforeseen events over 2023–24 on the department/agency's financial performance.

Section F: Public sector workforce

Question 21 (all departments and entities) Full Time Equivalent (FTE) staff by level and category

a) Please provide total FTE as of 30 June 2022, 30 June 2023, 30 June 2024 and provide explanation for more than \pm -10% change in FTE between years.

30 June 2022 Actual FTE	30 June 2023 Actual FTE	30 June 2024 Actual FTE	Explanations of variance \pm -10% between 30 June 2022 and 30 June 2023	Explanations of variance \pm -10% between 30 June 2023 and 30 June 2024
1,138	1,204	1,324	Not applicable	Increase in FTEs due to a reduction in the vacancy rate from approx. 17% to 8% through positions being filled.

b) For 2023–24, please provide information regarding any staffing challenges faced by the department, including but not limited to: staff shortages by category or position name, positions that were hard to staff, positions that were vacant for 6+ months, positions that have not equalled or surpassed attrition.

Not applicable

Question 22 (all departments and entities) Salary by employment category

In the table below, please detail the salary costs for 2021–22, 2022–23 and 2023–24, broken down by ongoing, fixed-term and casual, and explain any variances equal to or greater than ±10% or \$100 million between the years for each category.

Employment category	Gross salary 2021–22 (\$ million)	Gross salary 2022–23 (\$ million)	Gross salary 2023–24 (\$ million)	Explanation for any year-on-year variances ±10% or \$100 million
Ongoing	107.9	108.9	115.4	Not applicable
Fixed-term	5.7	7.2	10.1	No material impact
Casual	0.9	1.4	1.4	Not applicable
Total	114.5	117.5	126.9	

Question 23 (all departments and entities) Executive salary increases

Please detail the number of executives who received increases in their base remuneration in 2023–24, breaking that information down according to what proportion of their salary the increase was, and explaining the reasons for executives’ salaries increasing in each bracket.

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount in 2023–24, apart from increases outlined in employment agreements			Reasons for these increases
	Female	Male	Self-described	
0-3%				
3-5%	2			Annual remuneration increase
5-10%		1		Annual remuneration increase, including adjustment in line with peer parity
10-15%				
greater than 15%				

Question 24 (all departments and entities) Enterprise Bargaining Agreement (EBAs)

Please list the Enterprise Bargaining Agreements (EBAs) concluded in 2023–24 that had an impact for the department/agency. For each EBA, please show the number of employees affected and the change in employee expenses attributable to the EBA.

Enterprise Bargaining Agreement	Number of employees affected	Number of employees as a % of department/entity	Change in employee expenses attributable to the EBA (\$ million)	Change in employee expenses attributable to the EBA (\$ million) as a % of total employee expenses
Not applicable the new EBA will be implemented in 2024-25 and reported next year.				

Section G: Government decisions impacting on finances

Question 25 (all departments and entities) Commonwealth Government and National Cabinet decisions

Please identify any Commonwealth Government and National Cabinet decisions during 2023–24 which had not been anticipated/not been concluded before the finalisation of the State budget in 2023–24 and their impact(s) on the department’s/entity’s finances or activities during those years (including new funding agreements, discontinued agreements and changes to funding levels). Please quantify the impact on income and expenses where possible.

Commonwealth Government decision	Impact(s) in 2023–24	
	on income (\$ million)	on expenses (\$ million)
Changes introduced during 2022 and 2023 to the Security of Critical Infrastructure Act 2018 (SOCIA)	N/A	~ \$0.5 million approximate increase in costs to implement
National Cabinet decision	Impact(s) in 2023–24	
	on income (\$ million)	on expenses (\$ million)
Not applicable		

Section H: General

Question 26 (all departments and entities) Reviews/studies/evaluations undertaken

- a) Please list all internal⁶ and external reviews/studies/evaluations, established, commenced or completed by or on behalf of the department/agency in 2023–24 and provide the following information:
- i. Name of the review/evaluation and which portfolio and output/agency is responsible
 - ii. Reasons for the review/evaluation
 - iii. Terms of reference/scope of the review/evaluation
 - iv. Timeline for the review/evaluation
 - v. Anticipated outcomes of the review/evaluation
 - vi. Estimated cost of the review/evaluation and final cost (if completed)
 - vii. Where completed, whether the review/evaluation is publicly available and where. If no, why it is not publicly available.

Name of the review (portfolio(s) and output(s)/agency responsible)	Reasons for the review/evaluation	Terms of reference/scope	Timeline	Anticipated outcomes	Estimated cost (\$)	Final cost if completed (\$)	Publicly available (Y/N) and URL If no, why.
Healthy Waterways Strategy mid-term evaluation	To assess the progress of the strategy.	Assess progress towards targets and identify areas for improvement.	January 2022 - June 2024	Inform future decision-making and prioritisation	\$694,593	\$694,593	https://healthywaterways.com.au/news-events/events/mid-term-info-session
Waterways and Drainage Investment Plan annual KPI assessment	To assess the progress of the plan.	Assess progress towards targets and identify areas for improvement.	April 2024 - August 2024	Inform future decision-making and prioritisation.	\$28,665	\$28,665	https://www.melbournewater.com.au/services/prices-and-charges/waterways-and-drainage-charge/waterways-and-drainage-investment-plan

⁶ Internal reviews do not include internal costings. Internal reviews/evaluations include any reviews or evaluations undertaken by your department and not given to external consultants. Internal reviews/evaluations do not include inquiries carried out by Parliamentary Committees or reviews undertaken by integrity agencies.

Sustainability materiality assessment	To assess the materiality of key sustainability areas to Melbourne Water	Understand the potential financial and non-financial impacts of these areas on the business.	Dec 2023 - June 2024	Inform future strategic direction and planning.	\$60,728	\$60,728	Pg 13 of the 2023-24 Annual Report https://www.melbournewater.com.au/about/what-we-do/annual-report
Maribyrnong River Flood Review	In October 2022 significant flooding of the Maribyrnong River occurred, flooding over 600 properties. At the time there was significant community concern raised that the flooding was exacerbated by the Flemington racecourse flood wall. As a consequence, Melbourne Water appointed an independent Review Panel to investigate the causes of flooding.	Terms of reference for the review were established, in summary the scope was to investigate the causes of flooding in the mid and lower catchment of the Maribyrnong River, and specifically to review whether the Flemington racecourse flood wall contributed to the flooding.	January 2023 - May 2024	A review report and two addendums, prepared by an Independent Panel of experts, documenting the findings of the review and making 15 recommendations for improvements.	\$830,000	\$830,000	Maribyrnong River Flood Review Let's Talk Melbourne Water

- a) Please outline the Department's/Agencies in house skills/capabilities/expertise to conduct reviews/studies/evaluations of the programs and services for which the Department /Agency is responsible.

Melbourne Water employs qualified specialists in a range of disciplines with skills, capabilities and expertise to conduct (and as required manage external specialists to conduct) reviews, studies, evaluations and data analysis of its programs and services. Disciplines include engineering, science, environmental sciences, economics, property, land use planning, business management, finance and accounting, legal and governance, risk compliance and quality, information technology, communication and engagement, education, and social and customer research.

Question 27 (all departments) Climate change – Not applicable

- a) Under FRD 24 Reporting of environmental data by government entities, Victorian Government organisations must report their greenhouse gas emissions and other environmental impacts. Please list the department/entity's internal targets for reducing greenhouse gas emissions in 2023–24 and the department/entity's performance against these internal targets.

- b) Please outline and quantify where possible the department's actions in 2023–24 that have contributed to the Whole of Victorian Government emissions reduction pledge.

Question 28 (DTP, DE, DH, DEECA) Adaptation Action Plans – Not applicable

Please describe the progress made and actions taken to implement the department's Adaptation Action Plan in 2023–24. What measurable impact have these actions had on addressing the impacts of climate change?

Please provide information regarding all Adaptation Action Plans your department is responsible for.

Question 29 (all departments) Annual reports – performance measure targets and objective indicators – Not applicable

- a) Please provide the following information on performance measures that did not meet 2023–24 targets.

- b) Please provide the following information for objective indicators where data was not available at publication of the annual report 2023–24.

Question 30 (all departments and entities) Challenges experienced by department/agency

Please list a minimum of three main challenges/risks faced by the department/agency in 2023–24.

A significant challenge may be any matter or strategy that impacted the department/agency, whether it arose externally or internally or as a result of new policy or legislation.

	Challenge experienced	Internal/ External	Causes of the challenge	Action taken to manage the challenge/risk
1.	Cyber Security	External	Global incident and ongoing threats	<p>Ongoing and mounting cyber security threats can threaten our critical infrastructure and services. We have uplifted our ability to respond to cyber security incidents and tested our readiness. We have developed a Cyber Security Incident Response plan to support our ability to respond to Cyber Security incidents. We regularly test these plans to enhance our ability to respond and recover to a Cyber Security event. We participated in a joint water simulated sector cyber security incident exercise in June 2024 organised with the Victorian Water Industry Association (VicWater) and the Department of Energy, Environment and Climate Action. The exercise preceded a global information technology outage in July 2024 involving CrowdStrike software, which had no impact on our ability to deliver our services, and a subsequent increase in Phishing activity.</p> <p>We continued to focus on security, including cyber security, as a strategic risk. Understanding of our risk profile continues to evolve as our risk management capability matures, with a focus on our security activities targeted at addressing our most critical risks. We have adopted United States Government Department of Commerce National Institute of Standards and Technology Cyber Security Framework (NIST CSF) as our measure for assessing our security control maturity and to meet our obligations under the Commonwealth Government <i>Security of Critical Infrastructure Act 2018</i> and to enhance our Victorian Protective Data Security Standards (VPDSS) risk management activities.</p>
2.	Climate change	External	Changing climate and related obligations	<p>Climate change and extreme weather events have the potential to create unanticipated costs or impacts on Melbourne Water’s revenue and asset values. Throughout 2023-24, Melbourne Water continued to work through The Accord with the Melbourne metropolitan and Barwon region water businesses to develop a</p>

				<p>shared understanding of strategic challenges, participate in major service decisions and align our responses. Together with the Greater Melbourne region water sector we have adopted a long-term planning approach to climate resilience challenges, including challenges associated with coastal and flood resilience. We continued our program to incorporate climate impacts into our flood maps and models for all greater Melbourne catchments, expected to be complete by 2026. We helped inform recommendations of State and federal government inquiries into the 2022 floods. Together with the Victorian State Emergency Service (VICSES) we commenced community preparedness and awareness in flood affected communities. We collaborated with the Bureau of Meteorology and VICSES to improve the flood warning system for greater Melbourne catchments. Preparation of our 2026 Price Submission to the Essential Services Commission commenced and includes consideration of the projected impacts of climate change on revenue, costs and prices.</p>
3.	Cost of infrastructure and operations	External	Cost increases	<p>Our services will need to continue to evolve and change to keep pace with population growth and a changing climate over the next decade. This includes securing new water supplies, transitioning to new sewerage treatment technologies, renewing and replacing aged infrastructure, supporting rapid growth and development, and preparing drainage for more frequent and intense flood events. Planning for this transition must balance customer affordability with building resilient infrastructure, ensuring we make the changes needed now to prepare for our water future.</p> <p>Regulatory commitments, infrastructure investments and construction costs exert upward pressure on prices. We commenced engaging with customers and communities across Greater Melbourne to ensure we embed customer values and affordability in our 2026 Price Submission to the Essential Services Commission. This must be balanced with our responsibility to deliver safe, reliable and resilient services, now and for future generations.</p> <p>Our submission will detail our proposed 2026-31 services for water, sewerage, waterways and drainage, the infrastructure investments we will make, the cost of delivering these essential services, and the prices we intend to charge. We are preparing our submission in the context of transition to stay ahead of population growth, advancements in technology and a changing climate.</p>

Question 31 (all departments) Lapsed or abolished bodies – Not applicable

Please list all existing bodies (authorities, offices, commissions, boards and/or councils) within the department that either lapsed or were abolished in 2023–24 and provide the following information:

- Date body lapsed/abolished
- Reason for closure of the body
- How much money is expected to be saved (if any) by the organisation’s abolition
- How many staff (FTE) are expected to impacted by the organisation’s closure

Question 32 (all departments) Newly created bodies – Not applicable

Please list all newly created bodies (authorities, offices, commissions, boards and/or councils) created within the department in 2023–24 and provide the following information:

- Date body created
- Expenditure in relevant financial year
- FTE staff at end of relevant financial year
- Purpose/function(s) of the body

Section I: Implementation of previous recommendations

Question 33 (relevant departments only) – **Not applicable**

- a) Please provide an update on the status of the implementation of each of the below recommendations that were made by the Committee in its *Report on the 2021–22 and 2022–23 Financial and Performance Outcomes* and supported and supported-in-principle by the Government.

- b) Please provide an update on the status of the implementation of each of the recommendations that were made by the Committee in its *Report on 2020–21 Financial and Performance Outcomes* supported and supported-in-principle by the Government.