



PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee

2019-20

Financial and Performance Outcomes General Questionnaire

Melbourne Water

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Introduction – Financial and Performance Outcomes Questionnaire

The Committee's inquiry into the 2019-20 Financial and Performance Outcomes examines:

- the Government's actual expenditure and revenue compared to the budgeted expenditure and revenue
- the actual performance outcomes against the targeted performance outcomes at a departmental/agency level.

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 2019-20 financial year, what was achieved during those years and how that compares to expectations.

Timeline and format

Responses to this questionnaire are due by **5.00pm on Monday 1 February 2021**.

Please email the completed questionnaire (in word and pdf) to paec@parliament.vic.gov.au

Please also email a signed copy.

Consistency with the budget papers

Whenever referring to an initiative/program/project that is referred to 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.

Guidance

Please contact the secretariat should you require guidance in relation to any questions:

Janithri Wickramaratne, Lead Analyst Ph 8682 2996

Igor Dosen, Analyst Ph 8682 2788

Charlotte Lever, Analyst Ph 8682 2872

Section A: Output variances and program outcomes

Question 1 (all departments) Completed output initiatives from past budgets

- a) For all initiatives that were completed in 2019-20, please provide details of the outcomes achieved in the community and the outcomes actually 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).

Not applicable.

Question 2 (all departments) Program outcomes

Outcomes reflect the impact on the community of the goods and services provided by a department. The questions in this section all relate to the outcomes that the department contributed to in 2019-20.

Not applicable.

Question 3 (all departments) Treasurer's advances and other budget supplementation

- a) Please identify all output(s) and portfolio(s) (and relate them to departmental programs) for which the department received additional funding after the initial Budget in 2019-20.

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, section 4, pg. 58) and explain why additional funding was required after funding was allocated in the Budget.

Not applicable.

Section B: Asset investment

Question 4 (all departments) Capital expenditure variances, completion date and scope changes – existing projects

Please provide details of all capital asset programs where:

- there was a variance between TEI at announcement compared to the revised TEI in the 2019-20 Budget of equal to or greater than $\pm 5\%$ or \$50 million and an explanation for the variance
- the estimated completion date at announcement is different to the completion date in the 2019-20 Budget and an explanation for the change
- the scope of the project at announcement is different to the scope of the project as it is presented in the 2019-20 Budget.

** Note: Melbourne Water Corporation structures its projects as programs of work which comprise of new, existing and completed projects. The TEI for the programs of work identified in the 2019-20 Budget (as reported in BP4) include three years forward following the final budget, and three years preceding the first budget year. It is expected that TEIs for individual programs of work will differ as individual projects within these programs are prioritised. Melbourne Water's Capital Program was forecast to spend \$565.1 million during the 2019-20 FY with the actual spend being \$501.7 million.*

The TEI at announcement has been based on Melbourne Water's Corporate Plan, which is revised and reviewed annually therefore there is no difference between TEI at announcement and revised TEI as per BP4. Instead we have provided explanation for programs where the forecast (TEI at announcement) vs actual spend differed by greater than 5% in 2019-20 and projects that contributed to this in the Capital Expenditure table below.

The table describing scope changes is blank as there were no significant scope changes made to other projects that have not already had commentary provided as part of the Capital expenditure response below.

Capital expenditure

Program/Project	Output(s) and portfolio(s) and/or agency responsible for the project	Total actual expenditure spent from announcement to 30 June 2020 (\$ million)	TEI at announcement (\$ million) *	Revised TEI 2019-20 Budget (\$ million) *	Variance between TEI at announcement compared to Revised TEI in 2019-20 Budget ($\pm 5\%$ or \$50 million) explanation – projects (* as per above note the below reflects key drivers for differences between actual and budget)
Water Quality	Melbourne Water	20.2	16.9	16.9	<ul style="list-style-type: none"> - Increase for Silvan Chlorine Plant Asset Renewal due to rephasing of the project while scope was finalised with stakeholders. - Increase in Water Quality Mechanical and Electrical Renewals with new works

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					identified after the expenditure was announced.
Water Production and Storage	Melbourne Water	65.7	89.0	89.0	<ul style="list-style-type: none"> - Increase in costs for O’Shannassy reservoir outlet pipe renewal, due to the relocation of the reservoir outlet tunnel. - Reduced costs for Upper Yarra dam safety upgrade due to rephasing of the program after the plan was set, and a project delays due to inclement weather. - Reduced costs for Winneke solar power Station due to delays in receiving planning permits.
Sewerage Treatment and Disposal WTP	Melbourne Water	40.7	48.9	48.9	<ul style="list-style-type: none"> - 55E Biogas Cover Replacement project was added after plan was set. - Emergency Lagoon Foreshore Protection project was commenced prior to original planned start date.
Sewerage Treatment and Disposal ETP	Melbourne Water	37.8	100.6	100.6	<ul style="list-style-type: none"> - Reduced costs for High Voltage-Low Voltage Renewals project as timing was reviewed and project split into 3 phases - Reduced costs for Sludge Digestion Capacity Upgrade as tender period was extended moving costs into the next FY - Reduced costs for Large Scale Renewable Energy due to delays in receiving planning permits
Sewerage Transfer	Melbourne Water	57.6	52.7	52.7	<ul style="list-style-type: none"> - Increased costs for Upper Hobsons Bay Main Sewer Renewal project due to additional emergency works - Major Asset Inspections – Civil Sewerage Transfer Assets was included after plan was set

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					<ul style="list-style-type: none"> - Increase in costs for Pascoe Vale Branch Sewer Rehabilitation after project delivery approach had to be modified after higher sewer flows were observed.
Drainage and Flood Protection	Melbourne Water	23.6	29.5	29.5	<ul style="list-style-type: none"> - Increase in costs for Browns Reserve Drainage pump station upgrade incurred due to long lead items - Increase in cost in Patterson Lakes Tidal Gates Upgrade due to due to additional scope to rehabilitate concrete structure and refurbishment of East gates.
Land Development	Melbourne Water	149.2	109.3	109.3	<ul style="list-style-type: none"> - A higher than expected volume of Capital Works was delivered by the Land Development industry in 2019-20 FY
Stormwater Quality	Melbourne Water	8.5	14.3	14.3	<ul style="list-style-type: none"> - Reduction in Storm Water Quality Treatment Systems program of works after the schedule was revised to manage program expenditure to the 2016 Pricing Determination - Reduced Wetland Rectification Minor Capital Works Program due to several projects being delayed in response to a wetter than usual summer
Waterways Condition	Melbourne Water	24.9	27.6	27.6	<ul style="list-style-type: none"> - Increase in spend for Arnolds Creek as site mobilisation was rephased to avoid works over winter months - Reduction in costs for Upper Stony Creek – Sunshine Hospital project as it has been deferred into the next Pricing Determination period to manage program expenditure to the 2016 Pricing Determination - Reduction in costs for Tarralla Creek project as it has been deferred into the next Pricing Determination period to

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					manage program expenditure to the 2016 Pricing Determination
Corporate Support - Other	Melbourne Water	6.1	9.7	9.7	- Reduction in 'Office Improvements' Program of work while program requirements are reviewed

Completion date

Project	Output(s) and portfolio(s) and/or agency responsible for the project	Estimated completion date at announcement	Revised completion date 2019-20 Budget	Explanation
Holden supply tank and inlet augmentation	Melbourne Water	2019-20	2020-21	Project completion delayed to May 2021 to allow for an outage required complete the works.
WTP sludge drying capacity increase	Melbourne Water	2019-20	2020-21	Project commencement date was delayed to allow learnings from a similar project to be incorporated into technical design, and to allow for DTF approvals to be progressed, when project costs increased.

Scope

Project	Output(s) and portfolio(s) and/or agency responsible for the project	Scope at announcement	Details of scope change(s) and date(s) scope changes occurred
Not applicable – as per note above.			

Question 5 (all departments) Details of actual capital expenditure – completed projects (or expected to be completed)

Please provide the following details about asset investment projects that were completed in 2019-20:

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

** Note: During the 2019-20 FY Melbourne Water completed 56 asset investment projects spread across all their service portfolios. The Total Estimated Investment across these projects was \$203.8 million. Further details of the projects are provided in the table below.*

Where projects have identified as not having a TEI at Announcement, these projects were identified after the 2019-20 Melbourne Water Capital Plan forecast was set, with their funding was sourced from an existing capital allocation.

Estimated Completion Date and Actual Completion Date columns have been left blank as projects were completed within the financial year they had been expected. Variance in TEI and Actual Project Costs were not considered material to require comment.

Project	TEI at Announcement (\$Million) #	Actual Project Cost (\$Million) #	Estimated Completion Date *	Actual Completion Date*	Explanation *
Dohertys drain section 23 and 24 part 1 (Truganina)	2.518	2.698	N/A	N/A	No material variance
Ti Tree Creek section 119 wetland retarding basin and pipelines (Clyde North)	5.736	5.574	N/A	N/A	No material variance
Tributary of Kororoit Creek upper section 13 (Rockbank)	-	1.429	N/A	N/A	No material variance
Tributary of Kalkallo Creek section 1 (Kalkallo)	1.205	1.455	N/A	N/A	No material variance
Dry Creek section 7 (Tarneit)	-	1.492	N/A	N/A	No material variance
Hoppers Lane to Werribee Mercy hospital pipeline D1 section 10 (Werribee)	-	1.634	N/A	N/A	No material variance
Dohertys drain section 34 (Truganina)	2.123	2.29	N/A	N/A	No material variance
Tributary of Stony Hill Creek section 8 (Plumpton)	0.705	1.008	N/A	N/A	No material variance
Davidson Creek section 20 part 11 (Officer)	3.458	3.521	N/A	N/A	No material variance

Alfred Road retarding basin wetland pipeline section 12 (Werribee)	1.568	1.353	N/A	N/A	No material variance
Cranbourne section 20 outfall drain (Merinda Park)	-	4.835	N/A	N/A	No material variance
Clyde Creek section 77 stage 23 (Clyde North)	5.228	5.546	N/A	N/A	No material variance
Sheltons drain section 28 stage 48 (Keysborough)	1.329	1.175	N/A	N/A	No material variance
Dohertys drain section 21 (Truganina)	2.287	2.528	N/A	N/A	No material variance
Burgess Street drain section 15 (Brooklyn)	3.244	2.288	N/A	N/A	No material variance
Edgars Creek section 56 (Wollert)	1.946	1.643	N/A	N/A	No material variance
Cardinia Road drain section 32 (Officer South)	1.593	1.3	N/A	N/A	No material variance
Donnybrook Creek west section 21 pipeline (Mickleham)	1.202	1.388	N/A	N/A	No material variance
Closed circuit television upgrade (regional various)	0.883	1.173	N/A	N/A	No material variance
Mobility continuous value stream 2018-19 (non-metro various)	1.788	1.359	N/A	N/A	No material variance
Business process optimisation continuous value stream 2018-19 (regional various)	2.047	2.053	N/A	N/A	No material variance
Server remediation programme (regional various)	1.867	3.006	N/A	N/A	No material variance
Information technology infrastructure procurement 2018-19 (regional various)	1.315	1.836	N/A	N/A	No material variance
Identity and access management (regional various)	0.944	1.459	N/A	N/A	No material variance
Information technology renewals 2018-19 (regional various)	1.092	2.035	N/A	N/A	No material variance
Work my way (regional various)	0.883	1.932	N/A	N/A	No material variance
Phase 2 customer and community portal (regional various)	1.460	2.056	N/A	N/A	No material variance
Core services minor works (regional various)	-	1.727	N/A	N/A	No material variance
Core services renewals services information technology operations (regional various)	-	1.304	N/A	N/A	No material variance
Information technology core services minor works 2 (regional various)	-	2.471	N/A	N/A	No material variance
Information Management software upgrade (regional various)	1.586	1.565	N/A	N/A	No material variance
Asset Management Software upgrade (regional various)	2.301	1.645	N/A	N/A	No material variance

Eastern treatment plant secondary sedimentation tank civil renewals (Bangholme)	1.670	2.019	N/A	N/A	No material variance
Dights Falls fishway complex optimisation (Abbotsford)	1.105	1.729	N/A	N/A	No material variance
Western treatment plant 55E pot covered lagoons chemical oxygen demand pipeline renewal 2018 (Werribee)	2.328	2.291	N/A	N/A	No material variance
Western treatment plant southern carrier upgrade (Werribee)	2.402	2.195	N/A	N/A	No material variance
Police Road retarding basin upgrade (Mulgrave)	1.186	2.19	N/A	N/A	No material variance
Eastern treatment plant access and safety improvements (Bangholme)	2.463	3.511	N/A	N/A	No material variance
Ruffey lake retarding basin upgrade (Doncaster)	1.798	1.84	N/A	N/A	No material variance
Kilsyth main drain retarding basin upgrade (Croydon)	1.878	2.682	N/A	N/A	No material variance
Pembroke Road retarding basin upgrade (Mooroolbark)	1.177	1.274	N/A	N/A	No material variance
Kew pumping station rising main renewal (Kew)	2.759	3.226	N/A	N/A	No material variance
Tyabb reservoir inlet and outlet valves (Tyabb)	1.742	1.883	N/A	N/A	No material variance
Western treatment plant Cocoroc precinct services upgrade (Werribee)	3.833	4.956	N/A	N/A	No material variance
Western treatment plant Cocoroc access and security upgrades (Werribee)	3.144	3.885	N/A	N/A	No material variance
Western treatment plant 105W sludge drying pans renewal (Werribee)	5.506	3.171	N/A	N/A	No material variance
Kallista Fluoride Plant (Kallista)	2.139	2.215	N/A	N/A	No material variance
Western treatment plant new administration complex (Werribee)	8.222	8.458	N/A	N/A	No material variance
Murrumbeena main drain flood mitigation (metro various)	41.952	41.654	N/A	N/A	No material variance
Hoppers Crossing air treatment facility upgrade (Hoppers Crossing)	10.958	11.79	N/A	N/A	No material variance
Yarra Glen water treatment plant membrane conversion (Yarra Glen)	3.187	3.521	N/A	N/A	No material variance
Frogley water treatment plant membrane conversion (Badger Creek)	2.54	2.773	N/A	N/A	No material variance

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M102 watermain renewal from Paramount road West Footscray to Williamstown Road Yarraville (non-metro various)	17.326	18.159	N/A	N/A	No material variance
North Essendon tanks 1 and 2 upgrade (North Essendon)	7.203	7.496	N/A	N/A	No material variance
Eumemmering creek wetland rectification 2018-19 (Bangholme)	1.121	1.138	N/A	N/A	No material variance
Minor enhancements customer and corporate system 2018-19 (regional various)	0.987	1.014	N/A	N/A	No material variance

decimal places have been extended for this question only for consistency with BP4 reporting.

Question 6 (all departments) High-value high-risk projects, gateway reviews and business cases

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 the 2019-20 budget papers that were allocated to the department and were classified as HVHR and project objectives. Please also specify which gateway reviews, if any, were completed during 2019-20 and business case details for each project. Please use project names as specified in *Budget Paper No.4: State Capital Program*.

Not applicable.

Question 7 (all departments) Public Private Partnership (PPP) expenditure – existing and completed

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 2020, or the actual cost spent to 30 June 2020 (actual cost spent in the respective financial year) 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 2019-20 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 2019-20 Budget.

Not applicable.

Section C: Revenue and appropriations

Question 8 (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 2018-19 and 2019-20 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue affected service delivery and then link it to the relevant output and portfolio.

Please also detail the outcomes in the community¹ 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 2019-20 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	2018-19 actual (\$ million)	2019-20 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	1,864.9	1,955.0	Not applicable.	Not applicable.	Not applicable.
Other income	14.3	4.5	The decrease is mainly due to reduction in government grant revenue due to a one-off \$8.1 million grant from DELWP in 2018-19 for reimbursement of incident recovery costs.	Decrease was offset by a corresponding decrease in expenses so no impact.	Not applicable.

¹That is, the impact of service delivery on the community rather than a description of the services delivered.

Refinancing gain on financial instruments	59.6	38.1	This balance represents refinancing gains on the Victorian Desalination Plant, based on refinancing undertaken each year. This can fluctuate depending on what is due to be refinanced and outcomes achieved in the market.	This is non-cash revenue recognised for accounting purposes. .	Not applicable.
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Question 9 (all departments and entities) Revenue – variances from budget to actual

Please explain any variances equal to or greater than $\pm 10\%$ or \$100 million between the initial budget estimate (not the revised estimate) and the actual result for 2019-20 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue 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	2019-20 Budget estimate (\$ million)	2019-20 actual (\$ million)	Explanations for changes $\pm 10\%$ 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	1,874.1	1,955.0	Not applicable.	Not applicable.	Not applicable.
Other income	4.5	4.5	Not applicable.	Not applicable.	Not applicable.
Refinancing gain on financial instruments	0.0	38.1	This balance represents refinancing gains on the Victorian Desalination Plant, based on refinancing undertaken each year. This was not budgeted for as the refinancing had not yet been undertaken and there was uncertainty in the eventual accounting treatment to be adopted at the time the budget was set.	This is non-cash revenue recognised for accounting purposes.	Not applicable.

Section D: Expenses

Question 10 (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 2018-19 and 2019-20 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 the actual result for 2019-20 and the initial budget estimate (not the revised budget). Please also detail the outcomes in the community² 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	2018-19 Actual \$ million	2019-20 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	408.1	434.7	Not applicable.	Not applicable.
Operational expenses	218.0	291.5	Increase is mainly due to increased Victorian Desalination plant variable operating expenses as a result of the increased water order.	Impact is passed to customers through pricing mechanism.
Employee benefits expenses	134.8	140.4	Not applicable.	Not applicable.
Repairs and maintenance expenses	92.0	83.2	Not applicable.	Not applicable.
Administrative expenses	48.5	43.3	Decrease is mainly due to adoption of new accounting standard AASB 16 (Leases) with resulting reduction in net rental and lease expenditures now that	No significant overall impact to net results - given corresponding increases in depreciation and finance expenses for new accounting treatment.

²That is, the impact of service delivery on the community rather than a description of the services delivered.

			operating leases are capitalised as right of use assets.	
Finance expenses	618.2	601.8	Not applicable.	Not applicable.
Government rates and taxes	27.6	33.8	Increase is mainly due to increased land tax.	No material impact.
Asset transfers to Council	33.5	35.8	Not applicable.	Not applicable.
Other expenses	15.0	8.3	Decrease is mainly due to decreased asset write-off expenditure driven by decrease in Community Services Obligation (CSO) adjustments (less land acquisitions) based on Valuer General Victoria (VGV) valuations.	No material impact.
Net loss on revaluation of non-financial assets	25.8	0.0	There have been no asset revaluation adjustments required in 2019-20 as all managerial valuation assessments indicated that there was no changes in value greater than 10%. In 2018-19 there was a net loss of \$25.8 million due to downwards revaluation of land.	No material impact - accounting adjustment.

Expenses category	2019-20 Budget \$ million	2019-20 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	434.6	434.7	Not applicable.	Not applicable.
Operational expenses	303.5	291.5	Not applicable.	Not applicable.
Employee benefits expenses	139.8	140.4	Not applicable.	Not applicable.

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Repairs and maintenance expenses	92.1	83.2	Not applicable.	Not applicable.
Administrative expenses	39.8	43.3	Not applicable.	Not applicable.
Finance expenses	612.2	601.8	Not applicable.	Not applicable.
Government rates and taxes	29.1	33.8	Increase primarily due to higher land taxes.	No material impact.
Asset transfers to Council	32.0	35.8	Increase due to higher than expected drainage assets transferred to Councils.	No material impact.
Other expenses	14.7	8.3	Decrease due to lower than expected CSO adjustments on purchased land.	No material impact.
Net loss on revaluation of non-financial assets	-	-	Not applicable.	Not applicable.

Question 11 Expenses/interventions related to COVID-19 pandemic response

For the year 2019-20, please outline the programs and/or initiatives that were announced as part of the Victorian Government’s response to the COVID-19 pandemic in the order of the highest amount allocated.

Please indicate if the department made use of emergency advances and retroactive funding approvals.

Please note whether there are identified performance measures in the budget papers related to the announced programs. If not, please explain where progress is being reported.

Not applicable.

Question 12 (all departments and entities) Changes to service delivery from savings initiatives

For each of the savings initiatives detailed in the 2016-17 Budget, 2017-18 Budget, 2018-19 Budget, and 2019-20 Budget, please provide the following details of the impact on service delivery:

- a) Savings target in the 2016-17, 2017-18, 2018-19 and 2019-20 Budgets and the amount of the savings target allocated to the department/entity
- b) Actual savings achieved in 2016-17, 2017-18, 2018-19 and 2019-20 and the actions taken to achieve the savings target allocated and their impact, including the link to the relevant output and portfolio impacted.

Not applicable.

Question 13 (all departments) Achievement of reprioritisation of existing resources

The 2019-20 Budget includes targets for 'reprioritisation and revenue offsets' to fund new initiatives (2019-20 Budget Paper No.2, p.57). This is in addition to any savings or efficiencies resulting from expenditure reduction measures. For the department (including all controlled entities),³ 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 were the funds actually 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.

Not applicable.

³ That is, please provide this information for the Department on the same basis of consolidation as is used in the budget papers.

Question 14 (all departments) Contractors, Consultants and Labour Hire Arrangements

Please indicate how much the department spent on contractors, consultants and labour hire arrangements during 2017-18, 2018-19 and 2019-20. 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.

Note: Confirmed with DELWP that this question is applicable for Melbourne Water despite above stating only for departments. See response below:

2017-18 Actual \$ million	2018-19 Actual \$ million	2019-20 Actual \$ million	Explanation for variances (year on year) $\pm 10\%$	Which business areas were impacted/benefitted and how?	Please link your response to relevant output(s) and portfolio(s)
5.4	4.4	4.2	No significant change between 2018-19 and 2019-20. Reduction from 2017-18 to 2018-19 was due to a reduction in agency staff.	Costs are incurred across all areas. No significant change from 2018-19 to 2019-20.	These totals include consultancy costs, recruitment costs and agency staff expenses. Consultancy costs are disclosed separately in the annual report, while recruitment costs and agency staff expenses are not separately disclosed and are included within other administrative expenses.

Question 15 (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 2019-20, 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 2020. Please provide details of the methodology used for the ratio calculation.

Type of dividend paid	2019-20 Budget (\$ million) <i>BP 5, pg. 22</i>	2019-20 Actual (\$ million)	Explanations for variances $\pm 10\%$ or \$100 million	Impact on the agency. If no impact, how was this achieved	Funding ratio at 30 June 2020
Dividends paid	53.0	73.0	Dividends paid (consisting of final 2018-19 and interim 2019-20 dividends) were higher due to higher than budgeted net profit before tax for both 2018-19 and 2019-20.	Impact was offset by additional cash flow from profits.	See below. Dividends are paid based on DTF set guidelines of 65% of net profit before tax less income tax paid.
Capital repatriation paid	27.9 (included in our Corporate Plan but then deferred by DTF)	0.0	Capital repatriation has been deferred at request by DTF.	No impact as included in budget.	N/A Capital repatriation set by DTF.

Economic funding ratio / accounting funding ratio as at 30 June 2020	Details of the methodology
1.62	Funding ratio = Total assets/Total liabilities

Section E: Overall financial performance

Question 16 (all departments) Impact of COVID-19 on financial performance – 2019-20

Please outline and quantify, where possible, the impacts of the COVID-19 pandemic on the department/agency's financial performance.

Note: Confirmed with DELWP that this question is applicable for Melbourne Water despite above stating only for departments. See response below:

Line item in the Comprehensive operating statement for the financial year ended 30 June 2020	Budget 2019-20 \$(millions)	Actual 2019-20 \$(millions)	Explanation of the impact caused by COVID-19 pandemic
Total revenue and income from transactions	1,878.6	1,997.6	Reduction in leases/licencing revenue for rental waivers provided for hardship (\$0.2m).
Total expenses from transactions	1,697.8	1,672.7	Increase in operating expenditures (\$0.5m) - primarily related to additional cleaning, PPE, vehicle costs. There were also some delays
Net result from transactions (net operating balance)	180.8	324.9	Refer to annual report for specific COVID impact disclosures made throughout.

Section F: Public sector workforce

Question 17 (all departments and entities) Full Time Equivalent (FTE) staff by level and category

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2018, at 30 June 2019 and 30 June 2020 (broken down by the categories listed below) for the department. Please include specific categories as relevant to the department/entity and where relevant, provide a description of what categories constitute 'other'. Please provide figures consolidated on the same basis as the expenditure for the department in the budget papers and detail which, if any, entities are included in the FTE numbers provided.

Category	30 June 2018 Actual FTE number	30 June 2019 Actual FTE number	30 June 2020 Actual FTE number
Secretary			
EO-1			
EO-2			
EO-3			
VPS Grade 7 (STS)			
VPS Grade 6			
VPS Grade 5			
VPS Grade 4			
VPS Grade 3			
VPS Grade 2			
VPS Grade 1			
Government Teaching Service			
Health services			
Police			
Nurses/Midwives			
Allied health professionals			
Child protection			
Disability development and support			
*Youth custodial officers			
*Custodial officers			
**Other	1,054	1,096	1,132
Total	1,054	1,096	1,132

*Please provide a breakdown for Youth custodial and Custodial officers by level (for example, YW1, YW2, YW3, YW4, YW5 and YW6).

**Other includes:

Numbers include FTE for the following entities:

Melbourne Water

Question 18 (all departments and entities) Salary by employment category

In the table below, please detail the salary costs for 2017-18, 2018-19 and 2019-20, broken down by ongoing, fixed-term and casual, and explain any variances equal to or greater than $\pm 10\%$ or \$100 million between the years for each category.

Employment category	Gross salary 2017-18 (\$ million)	Gross salary 2018-19 (\$ million)	Gross salary 2019-20 (\$ million)	Explanation for any year-on-year variances $\pm 10\%$ or \$100 million
Ongoing	114.5	123.0	129.5	Not applicable
Fixed-term	6.9	8.0	8.6	<u>Variance FY 2017-18 to FY 2018-19</u> Melbourne Water moved from a reliance on seasonal casual staff supporting Waterways and Land throughout fire season to fixed term placements of traineeships and seasonal fire staff with a view to providing a better quality service more efficiently.
Casual	5.4	3.8	2.3	<u>Variance FY 2018-19 to FY 2019-20</u> Majority of the variance relates to casual contracts of employees in the Waterways and Land Delivery area as the casual contracts were ceased following the introduction of a new traineeship program. The remainder relates to various other casual roles across the business that were not continued in 2019-20.
Total	126.8	134.8	140.4	

Question 19 (all departments and entities) Executive salary increases

Please detail the number of executives who received increases in their base remuneration in 2019-20, 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 2019-20, apart from increases outlined in employment agreements			Reasons for these increases
	Female	Male	Self-described	
0-3%	1	9		2% Government Sector Executive Remuneration Panel Increase
3-5%				
5-10%				
10-15%				
greater than 15%				

Section G: Government decisions impacting on the finances

Question 20 (all departments and entities) Commonwealth Government decisions

Please identify any Commonwealth Government decisions during 2019-20 which had not been anticipated/not been concluded before the finalisation of the State budget in 2019-20 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 2019-20	
	on income (\$ million)	on expenses (\$ million)
Not applicable – none identified.		

Question 21 (all departments and entities) Commonwealth and National Cabinet decisions

Please identify any Commonwealth and National Cabinet decisions during 2019-20 which had not been anticipated/not been concluded before the finalisation of the State Budget in 2019-20 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 agreements). Please quantify the impact on income and expenses where possible.

Commonwealth Government decision	Impact in 2019-20	
	on income (\$ million)	on expenses (\$ million)
Not applicable – none identified.		

National Cabinet decision	Impact in 2019-20	
	on income (\$ million)	on expenses (\$ million)
Not applicable – none identified.		

Section H: General

Question 22 (all departments and entities) Reviews/studies undertaken

- a) Please list all internal⁴ and external reviews/studies, established, commenced or completed by or on behalf of the department/agency in 2019-20 and provide the following information:
- i. Name of the review/study and which portfolio and output/agency is responsible
 - ii. Reasons for the review/study
 - iii. Terms of reference/scope of the review/study
 - iv. Timeline for the review/study
 - v. Anticipated outcomes of the review/study
 - vi. Estimated cost of the review/study and final cost (if completed)
 - vii. Final cost if completed
 - viii. Where completed, whether the review/study is publicly available and where.

Name of the review (portfolio(s) and output(s)/agency responsible)	Reasons for the review/study	Terms of reference/scope	Timeline	Anticipated outcomes	Estimated cost (\$)	Final cost if completed (\$)	Publicly available (Y/N) and URL
Melbourne Sewerage Strategy (Water / Melbourne Water)	Action 5.4 within <i>Water for Victoria</i> (2016) sought to make the most of our investment in wastewater. A key directive was the development	DEWLP prepared guidelines (2017) to facilitate production of the BSS, including identification and consolidation of	The BSS was to be completed by 30 September 2018.	A long-term sewerage strategy for Melbourne comprising bold and innovative thinking in relation to key future challenges	\$1.0m	\$1.0m	Yes Final approved strategy: https://www.melbournewater.com.au/about/strategies-and-reports/melbourne-sewerage-strategy Note: This entry is a retrospective inclusion from 2018-19 previously not included.

⁴ Internal reviews do not include internal costings. Internal reviews/studies include any reviews or studies undertaken by your department and not given to external consultants. Internal reviews/studies do not include inquiries carried out by Parliamentary Committees or reviews undertaken by integrity agencies.

	of a long-term bulk sewerage strategy (BSS) by Melbourne Water.	key issues that needed to be considered. The BSS was to have a 50-year time frame.		and opportunities, as well as questioning the status quo to inform and influence government policy. Development of strategic path that incorporates a diversity of approaches and flexibility to support resilience in the face of future uncertainty, considering both opportunities and risks.			
Waterways and Drainage Investment Plan Water/ Melbourne Water	The 20 December 2015 Statement of Obligations issued to Melbourne Water under the <i>Water</i>	Obligation 6-3 requires that the WDIP set out the responsibilities, goals, levels of service and programs of work for	Mid-2018 to October 2020	Efficient and effective delivery of waterways and drainage services to meet legislative obligations,	\$0.7m	\$0.9m	Yes The 2021-26 WDIP is available on Melbourne Water's website: melbournewater.com.au/wdip This also publishes annual implementation progress for the current WDIP, which is reported to the Minister for Water.

	<i>Industry Act 1994 (Vic)</i> requires Melbourne Water to amend the Waterways and Drainage Investment Plan (WDIP) every five years (Obligation 6-3).	waterway management, flood management and drainage, developed through consultation with the community and key stakeholders. The WDIP is for the period 2021-22 to 2025-26.		policy directions, customer expectations and key strategy commitments.			
2021 Price Review Water/Melbourne Water	As a regulated entity for the purposes of the <i>Water Industry Act 1994 (Vic)</i> , Melbourne Water periodically reviews its prices to submit to the Essential Services Commission (ESC) for determination, consistent with the	Melbourne Water's <i>Price Submission 2021</i> outlines proposed expenditure, prices and revenue for services in bulk water and sewerage, waterway management and drainage, and associated service standards, for 2021-22 to 2025-26. It is	August 2018 to November 2020	A robust Submission that balances affordability and delivery of our services to meet current and future challenges.	\$1.1m	\$1.2m	Y The Submission (and ESC determination, when available in mid-2021) is available on the ESC website: esc.vic.gov.au/water/water-prices-tariffs-and-special-drainage/water-price-reviews/melbourne-water-price-review-2021

	requirements of the <i>Water Industry Regulatory Order 2014</i> . The next regulatory period commences on 1 July 2021.	prepared in accordance with Guidance Papers issued by the ESC.					
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b) Please outline the Department's/Agencies in house skills/capabilities/expertise to conduct reviews/studies/evaluations/data analysis 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 23 (all departments) Annual reports – performance measure targets and objective indicators

- a) Please provide the following information on performance measures that did not meet their 2019-20 targets.

Not applicable.

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

Not applicable.

Question 24 (all departments and entities) Challenges experienced by department/agency

Please list a minimum of five main challenges/risks faced by the department/agency in 2019-20.

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.	COVID-19: Service delivery	External	Global pandemic	Use of internal incident management processes, enactment of business continuity plans, coordinated sector responses with retail water partners, creation of dedicated team to address all COVID-normal service delivery requirements to ensure uninterrupted operations.
2.	COVID-19: Employee engagement & safety	Internal	Global pandemic	Dedicated focus on staff safety and wellbeing, including targeted communications and ongoing remote working support and counselling. Leveraging existing digital roadmap to enable all roles to work remotely. Coordination and alignment with Victorian Public Service staff protocols for site access / return to work arrangements.
3.	COVID-19: Community engagement	External	Global pandemic	Transition to online engagement, including deliberative forums, for critical community engagement activities. Such activities included final community engagement for Melbourne Water's 2021-26 price submission which focussed on customer hardship impacts of Covid-19.
4.	January 2020 bushfires	External	Natural disaster	Use of internal incident management processes, business continuity plans, coordinated hardship response with water retail partners. Close coordination with State Control Centre operations.
5.	Waterway pollution from industrial fires	External	Industrial fires	Internal incident management processes, ongoing partnership with EPA on immediate pollution response, waterway testing and clean-up, and ongoing waterway recovery activities.

Question 25 (all departments) Newly created bodies

Please list all newly created bodies (authorities, offices, commissions, boards and/or councils) created within the department in 2019-20 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.

Not applicable.

Section I: Implementation of previous recommendations

Question 26 (relevant departments only)

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 2017-18 and 2018-19 Financial and Performance Outcomes* and supported by the Government. Please delete those lines that are not relevant to the department.

Not applicable.

Section J: Department of Treasury and Finance only

Question 27 (DTF only) Revenue certification

Not applicable.

Question 28 (DTF only) Net cash flows from investments in financial assets for policy purposes – General Government Sector (GGS)

Not applicable.

Question 29 (DTF only) Purchases of non-financial assets – General Government Sector (GGS)

Not applicable.

Question 30 (DTF only) Revenue initiatives

Not applicable.

Question 31 (DTF only) Expenses by departments – General Government Sector (GGS)

Not applicable.

Question 32 (DTF only) Economic variables

Not applicable.

Question 33 (DTF only) COVID-19 pandemic response

Not applicable.

Question 34 (DTF only) Resource Management Framework – Funding reviews

Not applicable.

Question 35 (all departments and entities) Enterprise Bargaining Agreement (EBAs)

Please list the Enterprise Bargaining Agreement (EBAs) concluded in 2019-20 that had an impact for the department/agency. For each EBA, please show the number of employees affected and the growth in employee expenses attributable to the EBA.

Enterprise Bargaining Agreement	Number of employees affected	Number of employees as a % of department/entity	Growth in employee expenses attributable to the EBA (\$ million)	Growth in employee expenses attributable to the EBA (\$ million) as a % of total employee expenses
Not applicable				

Section K: Treasury Corporation of Victoria only

Question 36 Dividends

Not applicable.

Question 37 Commodity risk management

Not applicable.

Question 38 Foreign exchange risk management

Not applicable.

Question 39 Public Private Partnership (PPP) projects

Not applicable.