



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

**2015-16 FINANCIAL AND PERFORMANCE OUTCOMES
GENERAL QUESTIONNAIRE**

SOUTH EAST WATER LIMITED

SECTION A: Output variances and program outcomes

Question 1 (all departments) Completed initiatives from past budgets

This question does not apply to your agency.

Question 2 (departments only) Treasurer's advances and other budget supplementation

This question does not apply to your agency.

Question 3 (Department of Treasury and Finance only) Revenue certification

This question does not apply to your agency.

SECTION B: Asset investment (departments only)

Question 4 Details of actual investment and variance against budget – current projects

This question does not apply to your agency.

Question 5 Details of actual investment and variance against budget – projects completed (or expected to be completed)

This question does not apply to your agency.

Question 6 Major Projects Victoria and high-value high-risk projects

This question does not apply to your agency.

Question 7 PPP expenditure and line items

This question does not apply to your agency.

Question 8 Net cash flows from investments in financial assets for policy purposes – GGS

This question does not apply to your agency.

Question 9 Net cash flows from investments in financial assets for policy purposes – SoV

This question does not apply to your agency.

Question 10 (Department of Treasury and Finance only) Purchases of non-financial assets – government purpose classification

This question does not apply to your agency.

SECTION B: Asset investment (non-departments only)**Question 11 Details of actual investment and variance against budget for projects**

Please provide the following details for any asset investment project where actual expenditure in 2015-16 varied by \$±10 million or more from the initial budget estimate at the start of the relevant year (**not** the revised estimate).

If there were no asset investment projects for your agency where the actual expenditure varied by \$±10 million or more from the budget estimate, you do not need to answer this question. If this is the case, please indicate 'no relevant projects' in the table(s) below.

| Project | Estimated expenditure in 2015-16 (2015-16 budget papers) (\$ million) | Actual expenditure in 2015-16 (\$ million) | Explanation for variance | Estimated financial completion date in 2015-16 budget papers | Estimated financial completion date in 2016-17 budget papers | Explanation for any changes to the estimated financial completion date |
|----------------------|--|---|--------------------------|--|--|--|
| No relevant projects | | | | | | |

Question 12 Details of actual investment and variance against budget for entities

Please detail the initial budget estimates (**not** the revised estimate) for 'purchases of non-financial assets' for 2015-16 (or equivalent line items in the cash flow statements) for your entity, the actual amounts of those line item in your annual reports and an explanation for any variances greater than ±10 per cent or \$100 million. Initial budget estimates for departments are listed in Department of Treasury and Finance, *Budget Paper No.5: 2015-16 Statement of Finances* (2015), p.40

| Initial budget estimate for 2015-16 (\$ million) | Actual for 2015-16 (\$ million) | Explanation for variances greater than ±10 per cent or \$100 million |
|---|------------------------------------|---|
| 160.3 | 169.9 | Variance not greater than ±10 per cent or \$100 million. Note: Budget estimate cash flow statement not published in BP5 for SE Water. |

SECTION C: Revenue and appropriations

Question 13 (all departments and entities) Changes from previous year by revenue/income category

Please explain any changes greater than ± 10 per cent or \$100 million between the actual result for 2014-15 and the actual result for 2015-16 for each revenue/income 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.

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 your department/agency for which the 2015-16 expenditure changed from the prior year's expenditure by more than ± 10 per cent 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 | 2014-15 actual (\$ million) | 2015-16 actual (\$ million) | Explanations for variances greater than ± 10 per cent or \$100 million | How the additional revenue was used/the impact of reduced revenue |
|-------------------------|--|--|---|--|
| Sales revenue | 916.3 | 1,038.7 | Variance of 13.4% (\$122.4 million), of which: 39.4% (\$48.2 million) relates to increased consumption sales revenues due to higher demand with a drier and warmer summer and autumn. 28.5% (\$34.9 million) relates to higher developer-related income due to increased developer activity in SE Water's service area. | Additional revenue was recorded as a pre-tax profit. |
| Other income | 0.1 | 0.2 | Variance due to additional fleet vehicle sales versus the prior year and therefore higher gains from disposals. | Additional revenue was recorded as a pre-tax profit. |

Question 14 (all departments and entities) Variances from budget/target by revenue/income category

Please explain any variances greater than ± 10 per cent or \$100 million between the initial budget estimate (**not** the revised estimate) and the actual result for 2015-16 for each revenue/income category detailed in your operating statement. Please also identify any actions taken in response to the variations, either to mitigate or take advantage of the impact.

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 your department/agency for which the 2015-16 expenditure varied from the initial budget estimate by more than ± 10 per cent 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 | 2015-16 budget estimate (\$ million) | 2015-16 actual (\$ million) | Explanations for variances greater than ± 10 per cent or \$100 million | Actions taken in response |
|------------------|---|--------------------------------|---|--|
| Sales revenues | 907.1 | 1,038.7 | Variance of 14.5% (\$131.6 million) is primarily due to higher-than-forecasted developer-related income (by \$39.3 million or 75%) as a result of higher-than-expected developer activity in the SE Water service area. | The sales forecast for 2015-16 was adjusted accordingly. |

Question 15 (departments only)

This question does not apply to your agency.

Question 16 Revenue from trust accounts passed to other bodies (departments only)

This question does not apply to your agency.

Question 17 (Department of Treasury and Finance only) Revenue initiatives

This question does not apply to your agency.

SECTION D: Expenses

Question 18 Expenses changed from previous year

Please explain any changes greater than ± 10 per cent or \$100 million between the prior year's actual result and the actual result for 2015-16 for each category of expenses detailed in your operating statement. 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 categories of expenses for your department/agency for which the 2015-16 expenditure differed from the prior year's expenditure by more than ± 10 per cent 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.

| Expenses category | 2014-15 actual (\$ million) | 2015-16 actual (\$ million) | Explanations for variances greater than ± 10 per cent or \$100 million | Outcomes achieved by additional expenses/impact of reduced expenses |
|--------------------------|--|--|--|--|
| No relevant line items | | | | |

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

Question 19 Expenses varying from budget

Please explain any variances greater than ± 10 per cent or \$100 million between the initial budget estimate (**not** the revised budget) and the actual result for 2015-16 for each category of expenses detailed in your operating statement. 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.

If there were no categories of expenses for your department/agency for which the 2015-16 expenditure varied from the initial budget estimate by more than ± 10 per cent 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.

| Expenses category | 2015-16 budget estimate (\$ million) | 2015-16 actual (\$ million) | Explanations for variances greater than ± 10 per cent or \$100 million | Outcomes achieved by additional expenses/impact of reduced expenses |
|--------------------------|---|--|--|--|
| No relevant line items | | | | |

Question 20 (departments only) Expenditure reduction targets

This question does not apply to your agency.

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

Question 21 Changes to service delivery from expenditure reduction initiatives

- (a) Please detail any changes to your department's/agency's service delivery as a result of expenditure reduction initiatives, e.g. changes to the timing and scope of specific programs or discontinued programs in 2015-16:

No material changes.

- (b) As a result of the expenditure reduction initiative 'Reduce the use of labour hire firms' for 2015-16 (BP3 p.105), please detail any changes to your department's/agency's service delivery

No material changes.

Question 22 (departments only) Achievement of reprioritisation of existing resources

This question does not apply to your agency.

Question 23 (Department of Treasury and Finance only) Expenses by government purpose classifications

This question does not apply to your agency.

Question 24 (PNFC and PFC entities only) Dividends paid to the general government sector

Please detail the value of dividends paid by your agency to the general government sector over the last three years, explaining the reasons for any significant changes over that period and the impact of any changes on the agency.

| Total dividends paid in 2013-14 (\$ million) | Total dividends paid in 2014-15 (\$ million) | Total dividends paid in 2015-16 (\$ million) | Explanation for variances greater than ± 10 per cent or \$100 million | Impact of changes to dividends on the agency |
|---|---|---|--|--|
| 16 | 52 | 26 | <p>Dividend expense is only recognised when paid. The variance between 2013-14 and 2014-15 is largely due to no interim dividend being paid for in 2013-14 – instead, the entire dividend for 2013-14 was paid in 2014-15.</p> <p>The decrease between 2014-15 and 2015-16 is partly due to a return of capital of \$13.1 million being paid rather than an interim dividend for 2015-16, and partly due to the full 2013-14 dividend being paid in 2014-15.</p> | Minimal impact as the higher dividend was funded through operating cash flows for that year. |

SECTION E: Public sector workforce**Question 25 Full-time equivalent staff by level**

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2014, at 30 June 2015 and 30 June 2016 (broken down by the categories listed below) for the Department. Please provide figures consolidated on the same basis as the expenditure for the Department in the budget papers.

| Grade | 30 June 2014 (Actual FTE number) | 30 June 2015 (Actual FTE number) | 30 June 2016 (Actual FTE number) |
|-----------|-------------------------------------|-------------------------------------|-------------------------------------|
| Secretary | - | - | - |
| EO-1 | - | - | - |
| EO-2 | - | - | - |

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| | | | |
|------------------------------------|--------------|--------------|--------------|
| 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 | - | - | - |
| Allied health professionals | - | - | - |
| Child protection | - | - | - |
| Disability development and support | - | - | - |
| Custodial officers | - | - | - |
| Other | 547.3 | 525.2 | 560.8 |
| Total * | 547.3 | 525.2 | 560.8 |

* Per published Annual Reports. Noting that SE Water does not split FTE's into VPS grades, therefore only the total FTE is reported.

Question 26 FTE staff numbers by employment type

In the table below, please detail the salary costs for 2013-14, 2014-15 and 2015-16, broken down by ongoing, fixed-term and casual, and explain any variances greater than ± 10 per cent or \$100 million between the years for each category.

| Employment category | Gross salary 2013-14 (\$ million) | Gross salary 2014-15 (\$ million) | Gross salary 2015-16 (\$ million) | Explanation for any year-on-year variances greater than ± 10 per cent or \$100 million |
|----------------------------|--|--|--|--|
| Ongoing | 50.55 | 48.12 | 47.07 | Variance not greater than ± 10 per cent or \$100 million. |
| Fixed-term | 1.0 | 0.75 | 1.67 | Variance due to a shift in workforce composition with the introduction of traineeship roles, vacation students, a new graduate intake, and new roles with a strong focus on digital capability,. |
| Casual | 0.45 | 0.37 | 0.34 | Variance due to change in business requirements. |
| Total | 52.0 | 49.2 | 49.1 | |

Question 27 Executive salary increases

Please detail the number of executives who received increases in their base remuneration in 2015-16, 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 2015-16 | Reasons for these increases |
|-------------------------------|---|--|
| 0-3 per cent | 9 | Salary increase in-line with government employment conditions. |
| 3-5 per cent | 0 | Not applicable. |
| 5-10 per cent | 0 | Not applicable. |
| 10-15 per cent | 0 | Not applicable. |
| greater than 15 per cent | 0 | Not applicable. |

Question 28 Enterprise bargain agreements (EBA)(Department of Treasury and Finance only)

This question does not apply to your agency.

SECTION F: Inter-sector flows**Question 29 (Department of Treasury and Finance only) Inter-sector flows**

This question does not apply to your agency.

SECTION G: Government decisions impacting on the finances

Question 30 Machinery-of-government changes

- (a) Please detail the final costs incurred in the following categories as a result of machinery-of-government changes. Also provide a description of any relevant machinery-of-government changes during 2015-16.

| | Final costs as a result of machinery-of-government-changes (\$ million) |
|--|--|
| Consultants and contractors (including legal advice) | 0 |
| Relocation | 0 |
| Telephony | 0 |
| IT and records management | 0 |
| Rebranding | 0 |
| Furniture and fit-out | 0 |
| Other | 0 |

- (b) If these costs were met out of existing budgets, please indicate what projects, programs or areas the money was originally budgeted for.

Not applicable.

- (c) Please identify any benefits achieved during 2015-16 as a result of machinery-of-government changes, quantifying the benefits where possible.

Not applicable.

- (d) Please provide a description of any relevant machinery-of-government changes during 2015-16

Not applicable.

Question 31 Commonwealth Government decisions

Please identify any Commonwealth Government decisions during 2015-16 which had not been anticipated in the State budget but which impacted on your 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 in 2015-16 | |
|----------------------------------|------------------------|--------------------------|
| | on income (\$ million) | on expenses (\$ million) |
| Not applicable | - | - |

Question 32 COAG decisions

Please identify any COAG decisions during 2015-16 which had not been anticipated in the State budget but which impacted on your 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.

| COAG decision | Impact in 2015-16 | |
|----------------|------------------------|--------------------------|
| | on income (\$ million) | on expenses (\$ million) |
| Not applicable | - | - |

SECTION H: Fiscal and financial management strategies (Department of Treasury and Finance only)**Question 33 Financial measures**

This question does not apply to your agency.

Question 34 Long-term financial management objectives

This question does not apply to your agency.

SECTION I: Economic environment

Question 35 (Department of Treasury and Finance only) Economic variables

This question does not apply to your agency.

Question 36 (Department of Treasury and Finance only) Actual impact on GGS of variances in economic variables

This question does not apply to your agency.

Question 37 (Department of Treasury and Finance only) Impact on PFC net result of variances in economic variables

This question does not apply to your agency.

Question 38 (Department of Treasury and Finance only) Impact on PNFC net result of variances in economic variables

This question does not apply to your agency.

Question 39 (all entities) Effects of variances in economic variables

Please identify any key economic variables for which there were variances in 2015-16 between what was estimated in the initial budget for each year (**not** the revised estimate) and what actually occurred which had a significant impact on your department's/agency's finances, service delivery or asset investment. For each variance, please indicate:

- (a) what had been expected at budget time
- (b) what actually occurred
- (c) how the variance impacted on the budget outcomes (quantifying the impact where possible)
- (d) what decisions were made in response (including changes to service delivery, asset investment, borrowings etc.).

| Expected economic result in 2015-16 | Actual result in 2015-16 | Impact of the variance on budget outcomes | Impact of the variance on service delivery |
|-------------------------------------|--------------------------|---|--|
| 83.2 | 80.5 | Variance not greater than ± 10 per cent or \$100 million. Actual interest rates differed slightly when compared to original forecasts. This resulted in a favourable decrease in borrowing expenses. | No significant impact. |