

PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



2023–24 Financial and Performance Outcomes Questionnaire

Yarra Valley 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)
Service and usage revenue	959.6	1,005.0	Not applicable	Not applicable	Not applicable
New customer contributions by developers	38.0	53.5	During the year we issued Statements of Completion on a number of large and costly developments that were previously delayed by economic and COVID-19 factors.	Contribution to the cost of infrastructure assets.	Not applicable
Developer contributed assets	77.4	105.4	Works cost per lot for water and sewer assets increased during 2023-24. Works	This relates to infrastructure assets transferred from	Not applicable

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

			delivered in 2023-24 primarily comprised works commenced in 2021-22, which corresponded to a period of high lot sales and high construction volumes.	developers that are used for operational purposes and as such it is non-cash revenue.	
Other revenue	49.9	58.2	Growth due to higher new meter connections and increased recoverable works.	Contribution to the cost of installing a new water meter.	Not applicable
Other income	3.7	16.5	FY2023-24 included a sale of water entitlements for \$10m and a building indices asset revaluation increment of \$4m.	Asset revaluation is a non-cash transaction. Other income is used towards operational and capital expenditure requirement. It also resulted in higher dividends payable to DTF for 2023-24.	Not applicable

Question 14 (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 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 $\pm 10\%$ 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)
Service and usage revenue	1,006.0	1,005.0	Not applicable	Not applicable	Not applicable
New customer contributions by developers	31.7	53.5	Higher contributions than budget due to early release of land blocks and completion of developments affected by pandemic in the Northern Growth corridor.	Contribution to the cost of infrastructure assets.	Not applicable
Developer contributed assets	69.6	105.4	Higher than budget mainly due to acceleration and completion of works from previous years affected during pandemic, combined with higher works cost per lot for water and sewer assets during 2023-24.	This relates to infrastructure assets transferred from developers that are used for operational purposes and as such it is non-cash revenue.	Not applicable

Other revenue	52.7	58.2	Mainly due to higher than anticipated new meter connections, and an increase in recoverable works activities.	Contribution to the cost of installing a new water meter, and to offset recoverable works expenditure.	Not applicable
Other income	2.3	16.5	A one-off transfer of water rights to Gippsland Water resulted in a gain on sale of \$9.9m, as well as a building indices asset revaluation increment of \$4m.	Other income is used towards operational and capital expenditure requirement. It also resulted in higher dividends payable to DTF for 2023-24.	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
Bulk water and sewerage expenses	500.2	534.4	Not applicable	Not applicable
Contract expenses	63.6	71.8	Incurred higher costs for hard surface re-instatement (HSR) works	Meeting core service commitments.
Salary and employee benefits expense	60.5	64.9	Not applicable	Not applicable
Environmental contribution	47.4	47.4	Not applicable	Not applicable
Depreciation	102.6	106.7	Not applicable	Not applicable
Amortisation	17.9	14.0	Impacted by the timing of capitalisation of work in progress. These assets typically have a shorter life than infrastructure assets.	Non-cash expenditure
Finance costs	143.2	166.9	Interest rates and borrowings have increased since FY2022-23, increasing financial costs.	Borrowings support the ability to invest in the growth and maintenance of infrastructure assets.
Other Expenses	60.3	58.3	Not applicable	Not applicable

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

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
Bulk water and sewerage expenses	534.2	534.4	Not applicable	Not applicable
Contract expenses	66.6	71.8	Not applicable	Not applicable
Salary and employee benefits expense	65.8	64.9	Not applicable	Not applicable
Environmental contribution	47.4	47.4	Not applicable	Not applicable
Depreciation	116.7	106.7	Not applicable	Not applicable
Amortisation	19.8	14.0	Lower than budgeted amortisation costs due to the timing of capitalisation of work in progress.	Non-cash expenditure
Finance costs	169.4	166.9	Not applicable	Not applicable
Other Expenses	59.4	58.3	Not applicable	Not applicable

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	1.7	1.7	Detailed review of land tax expenditure, sale of water rights, environmental insurance recovery and process improvements to generate additional trade waste revenues.	Finance, Retail and Strategy areas of the business have targeted specific initiatives to deliver higher returns to the government through lower costs or higher revenues.	Not applicable

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 ±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	20.9	59.8	The deferral of the 2022-23 interim dividend to 2023-24, a higher than budgeted 2022-23 final dividend and 2023-24 interim dividend due to increased profits from higher than expected developer contributed assets revenue.	Financial position stable, no impacts on service delivery or investments.	1.38
Capital repatriation	36.4	72.7	Deferral of 2022-23 capital repatriation payment to 2023-24.	Financial position stable, no impacts on service delivery or investments.	

Economic funding ratio / accounting funding ratio as at 30 June 2024	Details of the methodology
1.38	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
727.0	783.2	821.8	Not applicable	Not applicable

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.

Minor staffing challenges have been experienced in the specialised IT roles such as cyber security and business analysts.

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 $\pm 10\%$ 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 $\pm 10\%$ or \$100 million
Ongoing	45.218	47.244	50.935	Increase in gross salary correlates to the 4.9% increase in FTEs (as noted in question 21).
Fixed-term	38.182	41.490	39.930	Not applicable
Casual	0.551	0.838	0.611	Movements between employment categories of casual to ongoing/fixed-term are not unusual as employees move to permanent roles in the business and/or meet the criteria to be offered employment under permanent conditions (i.e. not casual).
Total	83.951	89.572	91.476	

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%	4	3		Annual increase in line with the Premier’s annual adjustment guideline rate.
3-5%		1		Managing Director remuneration increased to align to the top of Public Entity Senior Executive Service - Band 3 in accordance with the Victorian Independent Remuneration Tribunal.
5-10%				
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				

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)
Not applicable		
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.
Sludge to circulate feasibility study	Understand circular uses of sludge	Evaluating the feasibility of producing circulate from sewer sludge	Complete	Determine practical circulate use case, enabling circularity	\$60,000	\$60,000	No. The study related to two specific treatment plant sites and YVW’s Wollert Food Waste to Energy.
Digestate research	Alternative circular uses for digestate	Determination of suitability of digestate for agricultural uses	Complete	Enablement of use of digestate as an agricultural product, enabling circularity.	\$68,800	N/A	No. The study is for internal use only as part of commercial market analysis.

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.

- 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.

Yarra Valley Water has an appropriate level of research personnel and technical specialists. External support is engaged as required.

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.	Affordability and customer assistance	Internal/External	Times are challenging for many of our customers and we are committed to ensuring our services are affordable and accessible to everyone.	<ul style="list-style-type: none"> • The increasing cost of living has put pressure on many customers and we remain committed to supporting people having difficulty paying their bill. • Melbourne’s water bills are among the lowest in Australia for all capital cities. In 2023-24 the parks charge (collected on behalf of Parks Victoria) changed from an annual charge to a quarterly charge to help smooth customers’ bills. • We support Victoria’s Housing Statement, which facilitates the conditions required to tackle the housing supply and affordability issue facing our community. We have prioritised service planning to support key infill development areas and planned resourcing to meet increased demand for connection to our network. The Housing Statement lists priority planning projects for growing suburbs, including those in the Northern Growth Area. Substantial work is underway with developers and stakeholders to ensure timely servicing of development in this area. • Our ongoing focus on affordability has seen our bills consistently decline in real terms since 2013-14 and remain less than 1% of the average disposable household income. In 2023-24, we delivered lower bills by 4.6% in real terms – reducing the impact of inflation of 7%. • We are also committed to raising awareness of support services for customers facing hardship through ongoing promotion of our financial support program, WaterCare. In 2023-24, 18,018 customers were managed by our WaterCare team. WaterCare

				<p>offers a range of tailored options to help people having difficulty managing their bills. This includes helping customers to access concessions and government grants and setting up affordable payment plans.</p> <ul style="list-style-type: none"> • During 2023-24 we delivered a range of approaches to reach people who may be at risk of vulnerability or experience barriers to accessing support. This includes field visits for customers who have disengaged, running more than 45 Watercare pop-up stalls in community settings to provide in-person support, and a multi-channel marketing campaign to reach more people. This year’s campaign focused on increasing the number of eligible customers who have their concessions registered, and we achieved a 35% increase in concession registrations compared to the same period previously.
2.	Water conservation	External	<p>Melbourne is ranked among the world’s most liveable cities and water is essential to support the prosperity of people and places. However, population growth and uncertain climate conditions pose challenges for our city’s water future.</p>	<p>We continued to prioritise investment in water efficiency in 2023-24 including:</p> <ul style="list-style-type: none"> • Collaborating with Greater Western Water, South East Water and Melbourne Water to encourage Melburnians to reduce water use and support the Victorian Government’s Target 150 (T150) objective. • Developing a joint Water Efficiency Plan and Community of Practice to help residential and non-residential customers reduce water use with Greater Western Water, Melbourne Water and South East Water. • Delivering a Water Audit and Appliance Efficiency pilot to support customers to change out inefficient showerheads and improve water efficiency in the home. • Delivering our ongoing Water Watchers education program, completing 772 incursions to approximately 17,000 students. • Inducting another 74 schools into the Victorian Government’s Schools Water Efficiency Program to help them save water and reduce bills. • Working with about 30 commercial customers using more than 100 million litres of water a year to develop Water Efficiency Management Plans. These customised plans are created in

				<p>collaboration with customers to enable them to gain a greater understanding of water use across their business.</p> <p>In the area of Recycled Water:</p> <ul style="list-style-type: none"> • Our recycled water network now services 48,000 homes and businesses through 800 km of dedicated recycled water mains, mostly in Melbourne’s northern growth corridor, and continues to expand. • In 2023-24 we provided over 674 million litres of Class A recycled water to homes, sporting grounds and local councils. We conducted over 15,000 recycled water inspections to ensure the safe delivery of this product. • Through integrated growth planning and working with the Victorian Planning Authority and other stakeholders, we’ve also secured a site for a new recycled water treatment facility at Wollert. This facility will ultimately enable us to supply recycled water to approximately 160,000 residents in the northern growth area.
3.	Climate change, including Water security and availability	External	Climate change and population growth are putting increasing pressure on Melbourne’s water supply. Building system resilience will be key to managing future climate variability.	<p>Our latest Climate Resilience Plan summarises across 9 focus areas what we do to reduce our greenhouse gas emissions and embed climate resilience into the way we operate. These actions will see our people, business systems and processes - and also the communities and environment we operate in - become better equipped to handle climate change.</p> <p>In the area of water security:</p> <ul style="list-style-type: none"> • The Greater Melbourne Urban Water and System Strategy: Water for Life, includes drought preparedness plans that have been developed collaboratively with Greater Melbourne’s water corporations, applying the Department of Energy, Environment and Climate Action’s (DEECA’s) Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria. Released in 2022, it outlines plans for securing water supplies for the next 50 years, including specific actions that are being jointly implemented across water efficiency, water conservation, fit-for-purpose recycled and alternative water as well as readiness activities for future augmentations. Consideration of climate

				<p>change impacts has also been embedded in the Melbourne Sewerage Strategy, in the scenarios explored and in the adaptive planning responses developed during implementation.</p> <ul style="list-style-type: none">• We continued working with DEECA to implement actions from the Water Cycle Climate Change Adaptation Action Plan and Central and Gippsland Region Sustainable Water Strategy, and through participation in IWM forums, and industry knowledge sharing. <p>In the area of emergency management and community resilience:</p> <ul style="list-style-type: none">• Continued to strengthen our operational readiness to respond to emergency incidents and events through a range of people capability and capacity building activities.• A dedicated incident operations centre has been established, the joint Melbourne Metro Water Industry (MMWI) Project has endorsed a Strategic Improvement Plan, and Complex Incident Coordination Plan and committed to joint public information enhancements.• Contributed to increased community resilience through our summer readiness communications.• Launched community grants program aims to increase community and environment resilience in a changing climate.• Work proactively within communities to ensure that people at risk or experiencing hardship are able to access support when needed through our WaterCare program. <p>In the area of increasing operational resilience:</p> <ul style="list-style-type: none">• We developed a tool and guidelines to conduct asset risk assessments with a view to climate change and integrated these assessments with our Asset Management Framework. We have assessed several asset classes and individual assets with this approach, which includes GIS-based climate scenario data, and continue to roll this out to other asset classes and assets.• Continued upgrading our electrical assets to improve their resilience to extreme heat, and purchasing additional generators on pump stations to be more resilient to power outages.• As part of our water renewals strategy, we considered the impact
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				<p>of climate change when planning our water assets, including considering ground wetness and pipe material vulnerabilities.</p> <ul style="list-style-type: none">• Hydraulic modelling is a critical input to our water and sewer capacity planning and management. We continue to improve our modelling and planning approaches to reflect latest climate science and industry knowledge, and embed what we learn into our business process, business planning and our asset management framework.• Continued holding quarterly seasonal outlooks with Bureau of Meteorology to enable operational staff to prepare for likely weather patterns in the upcoming season.
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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.