



## **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

### **2009-10 AND 2010-11 FINANCIAL AND PERFORMANCE OUTCOMES QUESTIONNAIRE — PART ONE**

**MELBOURNE WATER**

**SECTION A: Output variations (departments only)**

**SECTION B: Asset investment (departments only)**

**SECTION C: Revenue and revenue foregone**

**Question 21**

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than  $\pm 10$  per cent in any revenue/income category detailed in your agency's operating statement in its annual report **and** the total revenue/income for the year compared to:

- (a) the initial budget for the year; and
- (b) the actual for the prior year.

Explanations of variations are contained in annual reports.

**Question 22**

For each of the income from transactions categories listed by your agency in its comprehensive operating statement in its annual report (e.g. output appropriations, grants, sales of goods and services), please break the income for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than  $\pm 10$  per cent between the two six-month amounts:

Income from transactions	Income 1/7/2010-31/12/2010	Income 1/1/2011-30/6/2011	Explanation for any variations greater than $\pm 10$ per cent
	(\$ million)	(\$ million)	
Water Sales			Any variation between the two six month periods reflects when funding flows. As Departments and agencies budget for the full financial year, no meaningful comparison can be made between the first half of the financial year and the second half.
Sewage Disposal Charges			
Waterways Charges			
Other Revenue			

**Question 23**

Please provide an itemised schedule of any concessions and subsidies (revenue foregone) (see the Explanatory Memorandum for a definition of concessions and subsidies) provided by your organisation in 2009-10 and 2010-11. For each item, please:

- (a) describe the purpose of the concession/subsidy;
- (b) explain any variations greater than  $\pm 10$  per cent between the actual expenditure and the initial budget for the year;
- (c) explain any variations greater than  $\pm 10$  per cent between the actual expenditure and the actual for the prior year;
- (d) indicate the number of concessions/subsidies granted in each category; and

- (e) explain whether the outcomes expected to be achieved by granting these concessions or providing these subsidies have been achieved.

The Department does not provide any concessions or subsidies as defined by the explanatory memorandum.

- (f) Please also detail all new concessions/subsidies provided in 2010-11 by your agency that were announced after the change of government in 2010, their impact on your agency and the social outcomes achieved to date:

The Department does not provide any concessions or subsidies as defined by the explanatory memorandum.

***Question 24 (Department of Treasury and Finance only)***

## SECTION D: Expenditure

### Question 25

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than  $\pm 10$  per cent in any expense category detailed in the agency's operating statement in its annual report **and** the total expenditure for the year compared to:

- (a) the initial budget for the year; and
- (b) the actual for the prior year.

#### Expenditure in 2009-10:

Expenditure category	2008-09 actual \$000's	2009-10 Budget \$000's	2009-10 actual \$000's	Explanations for variances greater than $\pm 10$ per cent	Impact of variances
	(\$ million)	(\$ million)	(\$ million)		
Depreciation	105.783	132.747	122.024	Variations occur for a number of reasons, including Machinery of Government changes, changes in asset values due to decisions made by the Valuer-General and other external factors. As Departments and agencies budget for the full financial year, no meaningful comparison can be made between the first half of the financial year and the second half.	
Operational Expenses	110.436	129.051	119.514		
Employee Benefits Expenses	65.356	76.411	72.504		
Repairs and Maintenance Expenses	57.587	58.802	59.694		
Administrative Expenses	35.648	29.643	31.339		
Finance Costs	122.027	175.390	171.289		
Other Expenses	61.620	37.570	43.470		
Taxation Expense	45.796	59.334	52.121		

**Expenditure in 2010-11:**

<b>Expenditure category</b>	<b>2009-10 actual \$000's</b>	<b>2010-11 Budget \$000's</b>	<b>2010-11 actual \$000's</b>	<b>Explanations for variances greater than ±10 per cent</b>	<b>Impact of variances</b>
Depreciation	122.024	201.336	231.884	Variations occur for a number of reasons, including Machinery of Government changes, changes in asset values due to decisions made by the Valuer-General and other external factors. As Departments and agencies budget for the full financial year, no meaningful comparison can be made between the first half of the financial year and the second half.	
Operational Expenses	119.514	126.246	111.223		
Employee Benefits Expenses	72.504	78.666	75.065		
Repairs and Maintenance Expenses	59.694	61.691	72.522		
Administrative Expenses	31.339	31.626	33.072		
Finance Costs	171.289	240.203	223.331		
Other Expenses	43.470	42.331	36.151		
Taxation Expense	52.121	56.553	56.218		

### **Question 26**

For each of the expenses from transactions categories listed by your agency in its comprehensive operating statement in its annual report (e.g. employee expenses, grants, depreciation and amortisation), please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than  $\pm 10$  per cent between the two six-month amounts:

As expenditure occurs unevenly owing to time of payment and demand for payment, the provision of shorter period data would provide misleading and partial information to the committee.

### **Question 27**

Please provide details of any evaluations of grants programs that were conducted by your agency in 2009-10 or 2010-11, including any findings about:

- (a) the outcomes achieved by the programs; or
- (b) the effectiveness of grants at achieving planned outcomes compared to other modes of service delivery.

The evaluation of grants programs by successive Governments is used to inform future Government policy and decision making.

### **Question 28(departments only)**

### **Question 29(departments only)**

### **Question 30 (departments only)**

## SECTION E: Public sector workforce

### Question 31

Please detail the total full-time equivalent number of staff as at 30 June 2009, 30 June 2010, 31 December 2010 and 30 June 2011, and explain any significant variations (greater than  $\pm 10$  per cent) from one date to the next in the following tables:

Staffing numbers are reported in annual reports

### Question 32

In the tables below, please detail the salary costs for 2008-09, 2009-10 and 2010-11, broken down by ongoing, fixed-term and casual and explain any variations greater than 10 per cent between the years for each category.

#### Costs in 2009-10:

Employment category	Gross salary 2008-09	Gross salary 2009-10	Explanation for any variations greater than $\pm 10$ per cent
	(\$ million)	(\$ million)	
Ongoing	60.1	66.7	Capital Works Projects
Fixed-term	5.3	5.8	
Casual	0.04	0.04	
<b>Total</b>	65.4	72.5	

#### Costs in 2010-11:

Employment category	Gross salary 2009-10	Gross salary 2010-11	Explanation for any variations greater than $\pm 10$ per cent
	(\$ million)	(\$ million)	
Ongoing	66.7	69.0	
Fixed-term	5.8	6.1	
Casual	0.04	0.04	
<b>Total</b>	72.5	75.1	

For each of the employment categories, please break the expense for 2010-11 down into the first six months and second six months of the financial year and explain any variations greater than  $\pm 10$  per cent between the two six-month amounts:

For 2010-11 figures, please refer to the table above.

### Question 33

- (a) For what roles within your organisation were contractors or contract staff used in 2009-10 and 2010-11 (refer to Explanatory Memorandum for definition of contractors)?

Contractors and contract staff are engaged by Melbourne Water for: short term roles to backfill for fixed term or ongoing roles during recruitment to hire a fixed term or ongoing replacement; providers of generalist services to Melbourne Water; and specialist professional services or roles, e.g., general consultancy, engineers, legal, audit or organisational development provision.

- (b) Please itemise the services delivered by contractors or contract staff in 2009-10 and 2010-11:

**Contractors/contract staff in 2009-10:**

Service category	Number of contractors/contract staff	Value of services (\$)
Contract staff – various operational	Data not captured at this level	1,600,000
Contractors – primarily maintenance (also various technical works, professional services, and admin functions such as drainage billing, security, cleaning etc)	Data not captured at this level	105,300,000

**Contractors/contract staff in 2010-11:**

Service category	Number of contractors/contract staff	Value of services (\$)
Contract staff – various operational	Data not captured at this level	2,800,000
Contractors – primarily maintenance (also various technical works, professional services, and admin functions such as drainage billing, security, cleaning etc)	Data not captured at this level	119,800,000

- (c) For each specific contractor or contract staff paid in excess of \$100,000 per annum that has been engaged by your organisation during 2009-10 or 2010-11, please supply the following details:

**Contractors/contract staff in 2009-10 and 2010-11:**

In accordance with the requirements of Government, summary details of all contracts with a commitment value greater than \$100,000 are disclosed on the Victorian Government Purchasing Board (VGPB) website at [www.contracts.vic.gov.au](http://www.contracts.vic.gov.au).



### Question 34

- (a) For what roles within your organisation were consultants used in 2009-10 and 2010-11 (refer to Explanatory Memorandum for definition of consultants)?

Consultants were engaged to support Melbourne Water with specialist research, analysis and/or advice that supported strategy decisions and for which skills were not available within Melbourne Water.

- (b) Please itemise the services delivered by consultants in 2009-10 and 2010-11:

In accordance with Financial Reporting Directions, consultancies over \$100,000 are disclosed in Melbourne Water's annual reports.

- (c) For each specific consultant paid in excess of \$100,000 per annum that has been engaged by your organisation during 2009-10 or 2010-11, please supply the following details:

In accordance with Financial Reporting Directions, consultancies over \$100,000 are disclosed in Melbourne Water's annual reports.

### Question 35

- (a) Please break down the staff turnover ratio (total left employment during the year expressed as a percentage of total headcount) for your organisation during 2008-09, 2009-10 and 2010-11 according to the following age brackets:

	2008-09	2009-10	2010-11
Less than 30 years old	0.9	1.0	2.0
30-54 years old	3.8	4.0	5.0
55 years or older	1.0	1.2	1.1
<b>Total</b>	<b>5.7</b>	<b>6.2</b>	<b>8.1</b>

- (b) Please describe the factors contributing to any variations greater than  $\pm 10$  per cent from one year to the next.

Normal staff turnover ratios

- (c) Please describe any strategies that are planned to be introduced to retain staff, reduce the level of voluntary staff turnover and reduce the likelihood that critical roles will become vacant in future?

Agencies within the VPS are constantly dealing with the challenges of demographic change in the public sector in Victoria, and nationally, and with retaining specific skill sets.

**Question 36**

The State Services Authority (*The State of the Public Sector in Victoria 2008-09*, Chapter 4) has identified collaboration, agility and innovation as important to the future of the Victorian public sector. Please detail any initiatives undertaken by your organisation in 2009-10 or in 2010-11 prior to the change of government that have been designed to enhance these three qualities and what outcomes have been achieved by these initiatives:

	<b>Initiative</b>	<b>Outcomes</b>
Collaboration	Northern Sewerage Project	Partnered with Yarra Valley Water to deliver \$650 million northern suburbs sewerage pipeline
Agility	Sugarloaf Pipeline fire offtakes	The use of the pipeline to store water for fire fighting purposes
Innovation	Eastern Tertiary Upgrade project	\$420 million project to improve the quality of recycled water at the Eastern Treatment Plant

Please also supply details of initiatives designed to enhance these three qualities undertaken since the change of government in November 2010:

	<b>Initiative</b>	<b>Outcomes</b>
Collaboration	Flood response working committee	Working group, combining the SES and the EPA to better warn the community of impending high rainfall events
Agility	Biosolids Expression of interest	Project to more effectively use waste from WTP as a productive resource
Innovation	Water Sensitive Urban Design	Partnerships with local government to highlight the importance of water sensitive urban design as part of prudent and sustainable planning processes

**Question 37**

Please complete the following tables showing number of executive staff and total value of bonuses paid in the 2009-10 and 2010-11 performance periods:

**Bonuses in 2009-10:**

Executive category	Number of staff (FTE)			Total value of bonuses paid (\$)
	Eligible for a performance bonus	Not awarded bonus payment	Awarded bonus payment	
Managing Director, Leadership Team	9	0	9	339,500
Other Executives	43	0	43	885,600

Note (a): Combine categories to preserve confidentiality where necessary

**Bonuses in 2010-11:**

Executive category	Number of staff (FTE)			Total value of bonuses paid (\$)
	Eligible for a performance bonus	Not awarded bonus payment	Awarded bonus payment	
Managing Director, Leadership Team	9			294,200
Other Executives	46			918,800

Note (a): Combine categories to preserve confidentiality where necessary

**Question 38**

In the following table, please show for your organisation the actual range of bonuses paid (expressed as a percentage of total remuneration).

Rating	Proportion of total remuneration package actually paid (expressed as a range from x% to y%)	
	2009-10	2010-11
Exceptional	N/A	N/A
Superior	15% to 17% out of maximum 20% Bonus	15% to 17% out of maximum 20% Bonus
Competent	11.2% to 14.99% out of maximum 20% Bonus	11.2% to 14.99% out of maximum 20% Bonus
Improvement required	N/A	N/A

The above format is based on the Executive Employment Handbook. If your organisation adopted another approach for awarding bonuses, please provide details.

## **SECTION F: Program outcomes**

### ***Question 39 (departments only)***

#### ***Question 40***

- (a) Using the format of the table below, please outline the five most important outcomes achieved by your organisation's programs/activities between 27 November 2010 and 30 June 2011 (where your organisation has been the key player) including:
- (i) what was planned;
  - (ii) what was achieved;
  - (iii) quantitative or qualitative data to demonstrate this achievement;
  - (iv) any other Victorian public sector organisations or agencies from other jurisdictions that have worked across organisational boundaries to contribute to this outcome; and
  - (v) the relationship of these outcomes to any government strategies or goals.

The planned priorities and outcomes achieved are reported to Parliament each year in the relevant annual reports.

- (b) Please also identify any significant program outcomes that were planned but not achieved between 27 November 2010 and 30 June 2011 and the underlying reasons.

N/A

**Question 41**

For the following initiatives that were due to be completed in 2009-10 and 2010-11, please provide details of the outcomes expected to be achieved and the outcomes actually achieved to date. Please quantify outcomes where possible.

N/A

**SECTION G: Adapting to the change of government**

**Question 42**

- (a) Were any planned organisational priorities changed during 2010-11 as a result of the change of government in 2010? If so, please specify.

Organisational priorities changed during 2010-11 to reflect the incoming Government's policies, priorities and relevant Machinery of Government changes.

- (b) Were any corporate plans or similar documents modified in 2010-11 as a result of the change of government in 2010? If so, please specify.

Departmental Business Plans are routinely updated throughout the financial year, as circumstances dictate.

**Question 43**

Please detail the impact on your agency of any machinery-of-government changes following the change of government in 2010, including:

- (a) how your agency adapted;
- (b) any disruptions to program or project delivery; and
- (c) any improvements to program or project delivery that have been enabled as a result of the change.

Machinery-of-government change	Adaptations in response	Disruptions to program/project delivery	Improvements to program/project delivery

**Question 44**

Please detail any new processes that were introduced into your agency following the change of government in 2010 for monitoring or managing expenditure on output or asset projects/programs:

None

**Question 45**

For each program and project (delivering either outputs or assets) which was curtailed, deferred or discontinued in 2010-11 following the change of government in 2010, please provide the following details:

- (a) the name of the program/project;
- (b) whether it delivered outputs (i.e. goods and services) or assets;
- (c) the budgeted and actual expenditure in 2010-11; and
- (d) the reasons for which the program/project was curtailed, deferred or discontinued.

A number of programs and projects ceased in 2010-11 due to work being completed, the previous Government not allocating funding in the forward estimates, or due to the incoming Government having different priorities for funding (guided either by project evaluation or on the basis of policy priorities).

**Question 46**

For each program and project (delivering either outputs or assets) which was introduced in 2010-11 following the change of government in 2010 which had not been planned prior to the change of government, please provide the following details:

- (a) the name of the program/project;
- (b) whether it delivered outputs (i.e. goods and services) or assets;
- (c) the budgeted and actual expenditure in 2010-11; and
- (d) the reasons for which the program/project was introduced.

N/A

**CONTACT DETAILS**

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