



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

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

CITY WEST WATER LIMITED

Revenue and revenue foregone

Question 21

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than ± 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.

The budget is set prior to the beginning of the succeeding financial year. A number of factors influence the actual results, such as timing of payments, changes in regulated prices in line with the ESC's 2009-10 price determination and growth in CWW's customer base.

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 ± 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 ± 10 per cent *
	(\$ million)	(\$ million)	
Sales Revenue			
Service charges, water	28.0	28.0	
Volume charges, water	69.0	72.0	
Service charges, sewerage	34.0	35.0	
Volume charges, sewerage	36.0	36.0	
Trade waste charges	13.0	14.0	
Recycled water	0.1	0.3	
Other Revenue			

Area contributions	8.0	9.0	Reflects developer revenue (area contributions and gifted assets) recognition is largely developer driven and impacted by timing issues.
Gifted assets	15.0	11.0	Several gifted asset projects were delayed beyond the end of the financial year as a result of developers construction delays due to unusually wet season.
Works and services provided to third parties	3.0	2.0	Reflects parks charges being predominantly billed and collected in the first half of the financial year.
Interest received / receivable	.04	.07	
Miscellaneous fees & charges	5.0	4.0	
Grants	0.8	3.1	Reflects timing of various recycled water projects.
Lease income	0.2	0.2	
Actuarial gain on defined benefit superannuation	-	0.5	Unrealised actuarial gains are recognised at the end of each financial year.
Proceeds from sale of non-current assets	.03	.45	Unbudgeted sale of parcel of land.
Other revenue	0.9	0.3	Reimbursement of project works undertaken on behalf of other government agencies.

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 ± 10 per cent between the actual expenditure and the initial budget for the year;
- (c) explain any variations greater than ± 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.

- (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:

Not applicable – any concessions granted by CWW are reimbursed by the Department of Human Services or State Revenue Office, i.e. no revenue is foregone.

Expenditure

Question 25

For 2009-10 and 2010-11, please explain and detail the impact of any variances greater than ± 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	2009-10 Budget \$000	2009-10 actual \$000	Explanations for variances greater than ± 10 per cent *	Impact of variances
Bulk Charges	115,775	141,483	139,208	Reflects increase in fixed charge prices from Melbourne Water in line with the ESC's price determination for the 2009-10 year.	
Environmental Contribution Levy	10,787	10,786	10,787		
Employee benefits and agency labour	23,043	26,291	25,792	In accordance with EBA provisions and change in FTEs and associated oncosts.	
Operating contracts	26,265	29,648	27,651		
Information Technology	5,332	6,144	8,196	Higher than anticipated IT infrastructure costs and IT facilities management, including disaster recovery costs and billing system costs.	
Licence Fees	1,016	651	81	Lower than expected licence fee costs	
Billing and Collection	4,184	4,664	4,625		

Rental expenses relating to operating leases	758	871	906		
Our Water Our Future advertising campaign	1,573	1,500	1,500		
Grants and water conservation initiatives	5,984	7,640	4,331	Lower than anticipated expenditure on Smart Water Fund, grants, showerhead exchange program and co-funding of water saving initiatives.	
Facilities Maintenance	725	843	895		
Insurance	1,349	1,366	1,354		
Depreciation	20,368	23,428	22,539	Higher depreciation due to increase in asset values.	
Other Expenses	10,398	11,343	11,103		

Expenditure in 2010-11:

Expenditure category	2009-10 actual	2010-11 Budget	2010-11 actual	Explanations for variances greater than ±10 per cent *	Impact of variances
Bulk Charges	139,208	167,676	168,450	Reflects increase in fixed charge prices from Melbourne Water in line with the ESC's price determination for the 2009-10 year.	
Environmental Contribution Levy	10,787	10,787	10,787		
Employee benefits and agency labour	25,792	27,665	26,441		
Operating contracts	27,807	34,926	30,287	Lower than budgeted operating contracts due to lower than anticipated expenditure on laboratory sampling, tappings expense and responsive maintenance expenditure.	
Information Technology	8,196	7,623	6,605	IT costs decreased due to lower IT time and materials support for the billing system and Scada and lower software licence costs.	
Licence Fees	81	597	483		
Billing and Collection	4,559	4,968	5,102		

Rental expenses relating to operating leases	906	683	703		
Our Water Our Future advertising campaign	1,500	1,576	750	Decreased behavioural change campaign costs to reflect change in government policy.	
Grants and water conservation initiatives	4,331	3,740	2,792	Mainly as a result of a decrease in showerhead exchange costs and co-funding of water saving initiatives for large customers.	
Facilities Maintenance	895	1,116	916		
Insurance	1,354	1,497	886	Lower than expected premiums	
Depreciation	22,539	31,996	30,507	Reflects movement in asset values.	
Energy	939	1,683	1,159	Reflects timing of the commissioning of the new recycled water plant at Altona Treatment Plant.	
Asset write offs	687	285	1,093	Higher than expected infrastructure and IT WIP write-offs	
Impaired receivables(net)	2,149	1,203	1,645	Change in doubtful debt items and improvement in recovery of doubtful debts.	
Asset revaluation decrement	-	-	1,242	Asset revaluation of land and buildings.	
Other	10,020	9,258	12,715	Reflects implementation of business transformation project.	

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 ± 10 per cent between the two six-month amounts:

Expenses from transactions	Expenses 1/7/2010-31/12/2010	Expenses 1/1/2011-30/6/2011	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Bulk Charges	84.0	85.0	Expenditure can occur unevenly during the year owing to a range of factors including payment timing and year-end adjustments such as the actuarial valuation of defined benefit fund assets.
Environmental Contribution Levy	5.0	5.0	
Employee benefits and agency labour	13.0	14.0	
Operating contracts	14.0	16.0	
Information Technology	3.0	3.0	
Licence Fees	0.2	0.3	
Billing and Collection	3.0	2.0	
Rental expenses relating to operating leases	-	0.7	
Behavioural change campaign	0.8	-	
Grants and water conservation initiatives	1.0	1.0	
Facilities Maintenance	0.4	0.5	
Insurance	0.3	.6	
Depreciation	15.0	15.0	
Energy	0.5	0.7	
Asset write offs	.061	1.0	

Impaired receivables(net)	0.4	1.3	
Asset revaluation decrement	-	1.0	
Other	6.0	7.0	

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.

In 2009-10 and 2010-11, CWW offered a Business Resources Efficiency Co-funding grant program which contributed to projects that improve business customer water efficiency and delivered over 17 billion litres of water savings by non-residential customers. These projects have installed infrastructure that is expected to deliver water savings of over 22 billion litres over the life of the projects. Case studies of these projects can be found at: http://www.citywestwater.com.au/business/liquid_assets_magazine.aspx

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 ± 10 per cent) from one date to the next in the following tables:

The below staffing numbers are reported in annual reports and annually by the State Services Authority.

Numbers in 2009 and 2010:

Total FTE (30 June 2009)	Total FTE (30 June 2010)	Explanation for any variations greater than ± 10 per cent
304.4	314.3	< 10%

Numbers in 2010:

Total FTE (30 June 2010)	Total FTE (31 December 2010)	Explanation for any variations greater than ± 10 per cent
314.3	336.9	< 10%

Numbers in 2010 and 2011:

Total FTE (31 December 2010)	Total FTE (30 June 2011)	Explanation for any variations greater than ± 10 per cent
336.9	341.4	< 10%

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 ± 10 per cent
	(\$ million)	(\$ million)	
Ongoing	\$18.2	\$21.3	Increase in customer contact centre, 2nd intake of cadets for Technical Officer Developer program and increase across a number of departments to ensure CWW maintains the capacity to meet its strategic objectives and Government policy objectives.
Fixed-term	\$7.7	\$8.1	
Casual	-	-	
Total	\$25.9	\$29.4	

Costs in 2010-11:

Employment category	Gross salary 2009-10	Gross salary 2010-11	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Ongoing	\$21.3	\$21.7	
Fixed-term	\$8.1	\$9.9	Increase across a number of departments to ensure CWW maintains the capacity to meet its strategic objectives and Government policy objectives.
Casual	-	-	
Total	\$29.4	\$31.6	

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 ± 10 per cent between the two six-month amounts:

Employment category	Gross salary 1/7/2010-31/12/2010	Gross salary 1/1/2011-30/6/2011	Explanation for any variations greater than ± 10 per cent
	(\$ million)	(\$ million)	
Ongoing	\$10.8	\$10.9	< 10%
Fixed-term	\$5.0	\$5.0	< 10%
Casual			
Total	\$15.8	\$15.9	

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)?

Agency staff refers to temporary agency staff engaged to address short term resourcing needs within CWW.

Major operating contracts are utilised in areas such as programmed facilities management (including civil, electrical and mechanical maintenance services), meter reading and lab sampling.

Other outsourced services include information systems facilities management, bill collection channels, bill printing, mercantile agency collection services, Head Office facility maintenance, legal, recruitment, training and internal audit services.

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

The contractors/contract staff identified above and below include staff that are engaged under a third party contract and provide dedicated services to the company. The identity and numbers of staff change from time to time.

Contractors/contract staff in 2009-10:

Service category	Number of contractors/ contract staff	Value of services (\$)
Agency staff	23	\$1,337,000
Operating Contracts	Not available	\$27,807,000

Other Outsourced Services	Not available	\$12,715,000
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Contractors/contract staff in 2010-11:

Service category	Number of contractors/ contract staff	Value of services (\$)
Agency staff	44	\$1,691,000
Operating Contracts	Not available	\$30,287,000
Other Outsourced Services	Not available	\$11,361,000

- (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:

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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 within CWW are engaged for a variety of reasons including: provision of expert advice and analysis; to perform specific, one-off tasks and to perform tasks involving skills or perspectives which would not normally reside with the organisation.

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

Consultants have been used to provide services including, engineering design and documentation; facilitation services; OH&S advice; tax advice; agency recruitment; asset valuation; IT advice and strategic advice etc.
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- (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:

As noted above consultants have been engaged to provide services including, engineering design and documentation; facilitation services; OH&S advice; tax advice; agency recruitment; asset valuation; IT advice and strategic advice etc.
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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	1.6%	1.8%	1.7%
30-54 years old	3.5%	6.1%	5.4%
55 years or older	0.3%	0.9%	0.3%
Total	5.4%	8.8%	7.4%

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

N/A

- (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?

Staff are offered ongoing professional development, work life balance options, reward and recognition programs, regular feedback sessions and we conduct exit interviews, which all contribute to the low turnover rate.

Business critical roles have been established and succession plans are being put in place. A Technical Officer Development Program is currently underway which involves on the job training and engineering qualifications for our future Technical Officers.

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:

	Initiative	Outcomes
Collaboration	Alternative Water Strategy	In partnership with CWW, three councils (Brimbank, Hobson Bay and Maribyrnong) also secured funding (\$10.3m) for 11 projects from the Federal Stormwater Harvesting Fund.
Agility	Arrow Program (business transformation program)	Oracle Solution selected to meet the company's requirement of an integrated software solution to help simplify our operations, improve efficiency and strengthen our customer service capability.
Innovation	Alternative Water Strategy	Altona recycled water plant officially opened by the Minister for Water on 19 April 2011. Supply of recycled water began on 2 June 2011. West Werribee Dual Water Supply Scheme (construction of the desalination plant has moved from the expression of interest to tender) The company's submission to the National Urban Water and Desalination Plan (NUWDP) to fund the implementation of an aquifer storage and recovery project for CWW's West Werribee Dual Pipe Project, was approved during 2010/11.
	Water Energy Waste Efficiency	AWA Victorian Water Award for Program Innovation for the Steam System Efficiency Program. The award provides recognition of significant and innovative environmental or sustainability programs within the water industry.

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

	Initiative	Outcomes
Collaboration	Greening the West (the provision of fit for purpose water in the Western suburbs to enable the planting and maintenance of suitable trees and vegetation to improve liveability and health outcomes)	March 2011 – Greening the West 'Think Tank' facilitated by City West Water and attended by 100 stakeholders. July 2011 – Greening the West Steering Committee formed to drive strategic direction of program, with representation from partner agencies.

Agility	-	
Innovation	-	

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	
Executive Management Team	6.0	0.0	6.0	\$224,711

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	
Executive Management Team	6.0	0.0	6.0	\$260,742

Question 38

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

City West Water (CWW) has a number of executives who are eligible to be awarded a performance bonus of up to 20 per cent:

Rating	Proportion of total remuneration package actually paid (expressed as a range from x% to y%)
1. Superior (80-100%)	16.0% - 20.0%
2. Very good (50-79%)	10.0% - 15.9%
3. Good (10-49%)	2.0% - 9.9%
4. Improvement required	<<>>

The remainder of CWW staff eligible for a bonus can be awarded a performance bonus of up to 15 per cent:

Rating	Proportion of total remuneration package actually paid (expressed as a range from x% to y%)
1. Superior (80-100%)	12.0% - 15.0%
2. Very good (50-79%)	7.5% - 11.9%

3. Good (10-49%)	1.5% - 7.4%
4. Improvement required	<<>>

City West Water (CWW) is a Public Sector Agency applicable under the State Services Authority (SSA) where executive remuneration and employment policy is managed by the Government Sector Executive Remuneration Panel (GSERP).

The following is an extract of the SSA policy on executive remuneration for public entities in the broader public sector. This enables CWW to award performance bonuses to executive staff of up to 20 per cent (see 5.6 Bonus Opportunity).

[http://www.ssa.vic.gov.au/CA2571410025903D/WebObj/GSERP_Policy/\\$File/GSERP_Policy.pdf](http://www.ssa.vic.gov.au/CA2571410025903D/WebObj/GSERP_Policy/$File/GSERP_Policy.pdf)

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 2009-10 and 2010-11.

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 for City West Water are set annually in the organisation’s Corporation and Business Plans. For the 2010/11 some of the key outcomes achieved include a continuation of the showerhead exchange program; to make available and deliver a water efficient toilet replacement program; to progress the Central Region Sustainable Water Strategy Target – per capita consumption water saving of 30% by 2015 from 1990s level; to achieve an unaccounted-for-water target of 9.2%; and deliver the Greening the West program.

- (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.

Outcome not achieved	Explanation
N/A	

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.

N/A

- (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.

N/A

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.

N/A

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:

N/A

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 or due to different policy priorities of the incoming government, such as cessation of the metro-advertising program (Our Water Our Future).

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.

Program/project	Output or asset delivery	Budgeted 2010-11 expenditure	Actual 2010-11 expenditure	Reasons why it was introduced
		(\$ million)	(\$ million)	
N/A				