



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2013-14 AND 2014-15 FINANCIAL AND PERFORMANCE OUTCOMES GENERAL QUESTIONNAIRE

CITY WEST WATER LIMITED

SECTION A: Output variances and program outcomes***Question 1 (departments only)***

This question does not apply to your agency.

Question 2 (departments only)

This question does not apply to your agency.

Question 3 (Department of Treasury and Finance only)

This question does not apply to your agency.

SECTION B: Asset investment (departments only)***Question 4***

This question does not apply to your agency.

Question 5

This question does not apply to your agency.

Question 6

This question does not apply to your agency.

Question 7

This question does not apply to your agency.

Question 8

This question does not apply to your agency.

Question 9 (Department of Treasury and Finance only)

This question does not apply to your agency.

SECTION B: Asset investment (non-departments only)**Question 10**

Please provide the following details for any asset investment project where actual expenditure in 2013-14 or 2014-15 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.

(a) in 2013-14

Project	Estimated expenditure in 2013-14 (2013-14 budget papers) (\$ million)	Actual expenditure in 2013-14 (\$ million)	Explanation for variance	Estimated financial completion date in 2013-14 budget papers	Estimated financial completion date in 2014-15 budget papers	Explanation for any changes to the estimated financial completion date
West Werribee Dual Water Supply Scheme	51.9	20.9	Lower than expected costs as a result of variations to project milestones and deliverables.	2015-16	2015-16	
Program Arrow	27.9	6.9	Lower than expected costs as a result of variations to project milestones and deliverables.	2014-15	2015-16	The variance relates to a change in project design to enable significant efficiencies in City West Water's business processes.

(b) in 2014-15

Project	Estimated expenditure in 2014-15 (2014-15 budget papers) (\$ million)	Actual expenditure in 2014-15 (\$ million)	Explanation for variance	Estimated financial completion date in 2014-15 budget papers	Estimated financial completion date in 2015-16 budget papers	Explanation for any changes to the estimated financial completion date
Program Arrow	22.6	6.3	Lower than expected costs as a result of variations to project milestones and deliverables.	2015-16	2015-16	

Question 11

Please detail the initial budget estimates (**not** the revised estimate) for 'purchases of non-financial assets' for 2013-14 and 2014-15 (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 estimate for 2013-14 (\$ million)	Actual for 2013-14 (\$ million)	Explanation for any variance greater than ± 10 per cent or \$100 million
190.0	120.6	The variance primarily relates to variations in project milestones and deliverables for the West Werribee Dual Water Supply Scheme and Program Arrow.

Initial budget estimate for 2014-15 (\$ million)	Actual for 2014-15 (\$ million)	Explanation for any variance greater than ± 10 per cent or \$100 million
105.0	77.2	The variance primarily relates to variations in project milestones and deliverables for the West Werribee Dual Water Supply Scheme and Program Arrow.

SECTION C: Revenue and appropriations

Question 12

Please explain any variances greater than ± 10 per cent or \$100 million between the prior year's actual result and the actual result for 2013-14 and 2014-15 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 impacted on 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 2013-14 and 2014-15 expenditure varied 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	2012-13 actual (\$ million)	2013-14 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	How the additional revenue was used/the impact of reduced revenue
Service charges - Water	65.144	87.278	The variance relates to price increases from 1 July 2013 and a growth in property numbers.	Additional revenue in line with budget projections
Volume charges - Water	177.416	234.616	The variance relates to price increases from 1 July 2013 and sales volume growth.	Additional revenue in line with budget projections
Service charges - Sewer	84.457	97.829	The variance relates to price increases from 1 July 2013 and a growth in property numbers.	Additional revenue in line with budget projections
Volume chargers - Sewer	85.892	100.614	The variance relates to price increases from 1 July 2013 and sales volume growth.	Additional revenue in line with budget projections
Trade Waste charges	29.646	35.064	The variance relates to price increases from 1 July 2013 and increased discharge levels	Additional revenue in line with budget projections
Recycled Water charges	4.108	5.285	The variance relates to price increases from 1 July 2013.	Additional revenue in line with budget projections
Developer contributed assets	17.454	13.391	The variance relates to a slowdown in the development industry.	Non-cash revenue

Works and services provided to 3 rd parties	5.633	6.567	The variance relates to increased chargeable works, for example, damages and increased Parks/Drainage billing & collection fee	Non-material variance
Interest	0.06	0.131	The variance is due to increased receipts.	Non-material variance

Revenue category	2013-14 actual (\$ million)	2014-15 actual (\$ million)	Explanations for variances greater than ±10 per cent or \$100 million	How the additional revenue was used/the impact of reduced revenue
Water trading revenue	1.021	1.375	The variance relates to an increase in water volume allocated to CWW along with increase in market prices.	Non-material variance
Desalination cost returns	-	0.184	Desalination cost returns represent the required one off return to City West Water's customers for the early collection of desalination charges	Non-material variance
Govt Water Rebate provided to customers	-	(36.741)	As a result of an efficiency review of Victoria's urban water corporations, City West Water and the other metropolitan retailers included a \$100 bill reduction for every domestic customer in the first water bill of 2014-15	Not applicable
Developer contributions	15.773	20.517	The variance relates to increased brownfield and greenfield contribution levels.	Additional revenue in line with budget projections
Developer contributed assets	13.391	19.120	The variance relates to an increase in greenfield development industry.	Non-cash revenue
Works and services provided to 3 rd parties	6.567	5.854	The variance relates to decreased chargeable works – damages.	Non-material variance
Interest	0.131	0.027	The variance relates to decreased capital expenditure.	Non-material variance

Fees and charges	10.799	14.514	The variance relates to increased developer activity and new unregulated fees.	Additional revenue allowed less reliance on borrowings for operations and capital projects.
Lease income	0.346	0.201	The variance relates to the ceasing of leases at the Sunshine site.	Non-material variance
Other	0.379	0.882	The variance relates to the one off insurance claim payment for the Altona Treatment Plant fire	Non-material variance
Govt grants	1.135	4.750	The variance relates to grants for West Werribee Dual Supply Project and other water management projects.	Not applicable

Question 13

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 2013-14 and 2014-15 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 2013-14 and 2014-15 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	2013-14 budget estimate (\$ million)	2013-14 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Actions taken in response
Recycled water charges (incl. service charges)	7.87	5.28	The variance relates to lower than budgeted recycled water revenue due to the Altona Recycled Water Plant being offline for the year and lower than expected alternative water usage customers at West Werribee (due to later than budgeted commissioning and lower than expected demand)	Not applicable

Developer contributed assets	16.00	13.39	The variance relates to lower than budgeted gifted assets.	Not applicable
Works and services provided to 3 rd parties	5.45	6.56	The variance relates to increased chargeable works – damages and increased Parks/Drainage billing & collection fees.	Not applicable
Interest	0.10	0.13	The variance relates to higher than expected interest income.	Not applicable
Fees and charges	8.27	10.79	The variance relates to higher than expected connection fees.	Not applicable
Govt grants	2.69	1.13	The variance relates to timing differences associated with grant income.	Not applicable

Revenue category	2014-15 budget estimate (\$ million)	2014-15 actual (\$ million)	Explanations for variances greater than ±10 per cent or \$100 million	Actions taken in response
Recycled water charges	6.94	5.57	The variance relates to lower than budgeted recycled water revenue due to the Altona Recycled Water Plant being offline for the year.	Not applicable
Water trading revenue	0.717	1.37	The variance relates to greater than budgeted increase in market prices for water allocations.	Not applicable
Developer contributions	13.042	20.51	The variance relates to higher than expected development activity (13,993 lots vs 9,498 lots).	Not applicable
Developer contributed assets	13.907	19.12	The variance relates to timing and above budget greenfield project activity.	Not applicable

Interest	0.33	0.02	The variance relates to new interest on outstanding debt charge deferred.	Not applicable
Fees and charges	10.85	14.50	The variance relates to higher than expected connection fees.	Not applicable
Other	0.26	0.88	The variance relates to the one off insurance claim payment for the Altona Treatment Plant fire.	Not applicable

Question 14 (departments only)

This question does not apply to your agency.

Question 15 (departments only)

This question does not apply to your agency.

Question 16

Regarding the trust accounts listed in the 'trust account balances' note to the financial statements in your entity's annual report, please identify any accounts from which payments were passed directly to other bodies without being counted in your entity's comprehensive operating statement. For each relevant account, please identify:

- (a) the value of payments;
- (b) the recipients of the payments; and
- (c) the purpose of the payments.

Trust account	Total payments from the account to bodies other than the Department, 2013-14 (\$ million)	Recipient of the payment	Purpose of the payment
N/A			

Trust account	Total payments from the account to bodies other than the Department, 2014-15 (\$ million)	Recipient of the payment	Purpose of the payment
N/A			

SECTION D: Expenses

Question 17

Please explain any variances greater than ± 10 per cent or \$100 million between the prior year's actual result and the actual result for 2013-14 and 2014-15 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 2013-14 and 2014-15 expenditure varied 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	2012-13 actual (\$ million)	2013-14 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Bulk charges	227.22	353.40	The variance relates to the pricing restructure of water and sewer charges in 2013-14 resulting in an increase to water variable charges.	Additional expenses were in line with budget

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

Environmental Contribution	10.78	18.56	In establishing the third tranche of the Environmental Contribution, the former Government decided to hold the level of contribution for 2012-13 financial year at the same levels as those of the second tranche (calculated with reference to a base year of 2006-07 water corporation revenues) This was done to prevent unforeseen impacts within the then five year pricing period (2008-2012). The contribution subsequently increased as the base year was updated to 2010-11 for the 2013-14, 2014-15, and 2015-16 years to coincide with a new pricing determination for the period 2013-2018.	Additional expenses were in line with budget
Rental expenses relating to operating leases	0.15	0.34	The variance relates to the relocation of CWW to leased premises at Footscray.	Non-material variance
Grants and water conservation initiatives	1.78	1.27	The variance relates to less water conservation initiatives due to the easing of drought conditions.	Non-material variance
Insurance	0.98	1.22	The variance relates to revised insurance premiums	Non-material variance
Energy	1.57	1.30	The variance relates to lower energy costs due to the Altona Recycled Water Plant being offline for the year.	Non-material variance
Impaired receivables	1.68	2.62	The variance relates to higher > 90 day debt and disputed chargeable works accounts	Non-material variance

Expenses category	2013-14 actual (\$ million)	2014-15 actual (\$ million)	Explanations for variances greater than ±10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Information technology	6.773	6.057	The variance relates to reduced time and materials support, software licence costs and IT infrastructure costs.	Non-material variance

Licence fees	0.667	0.436	The variance relates to a lower ESC licence fee.	Non-material variance
Rental expenses relating to operating leases	0.341	3.531	The variance relates to the relocation of CWW to leased premises at Footscray.	Non-material variance
Grants and water conservation initiatives	1.27	0.70	The variance relates to decreased Smart Water Fund expenditure and less water conservation initiatives as a result of the easing of drought conditions.	Non-material variance
Facilities maintenance	1.51	2.38	The variance relates to the relocation of CWW to leased premises at Footscray.	Non-material variance
Asset write offs/write downs	0.03	1.15	The variance relates to asset impairment associated with remediation work at CWW's Altona Treatment Plant.	Non-material variance
Impaired receivables	2.62	1.90	The variance relates to impaired receivables based on aged debts at year end.	Non-material variance

Question 18

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 2013-14 and 2014-15 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 2013-14 and 2014-15 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.

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

Expenses category	2013-14 budget estimate (\$ million)	2013-14 actual (\$ million)	Explanations for variances greater than ±10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Operating contracts	36.23	31.47	The variance relates to lower costs due to the Altona Recycled Water Plant being offline for the year.	Reduction in expenses lead to a corresponding increase in operating result
Licence fees	0.77	0.66	The variance relates to a lower than expected ESC licence fee.	Non-material variance
Rental expenses relating to operating leases	1.61	0.34	The variance relates to the relocation of CWW to leased premises at Footscray.	Non-material variance
Grants and water conservation initiatives	2.32	1.27	The variance relates to decreased Smart Water Fund expenditure and less water conservation initiatives as a result of the easing of drought conditions.	Non-material variance
Facilities maintenance	1.17	1.51	The variance relates to the relocation of CWW to leased premises at Footscray.	Non-material variance
Depreciation	45.62	39.85	The variance relates to project variations with capital projects.	Non-cash item
Energy	2.62	1.30	The variance relates to lower costs due to the Altona Recycled Water Plant being offline for the year	Non-material variance
Asset write offs/write downs	0.31	0.03	The variance relates to lower than expected write offs.	Non-material variance
Impaired receivables	1.65	2.62	The variance relates to higher > 90 day debt and disputed chargeable works accounts.	Non-material variance

Expenses category	2014-15 budget estimate (\$ million)	2014-15 actual (\$ million)	Explanations for variances greater than ±10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Grants and water conservation initiatives	0.60	0.70	The variance relates to increased Smart Water Fund expenditure.	Non-material variance
Facilities maintenance	1.87	2.38	The variance relates to higher than budgeted expenditure at Altona Treatment Plant and depots.	Non-material variance
Insurance	1.03	1.15	The variance relates to a revised insurance premium.	Non-material variance
Energy	2.05	1.20	The variance relates to lower costs due to the Altona Recycled Water Plant being offline.	Non-material variance
Asset write offs/write downs	0.05	1.15	The variance relates to the write off due to Altona Treatment Plant remediation works.	Non-material variance
Impaired receivables	1.38	1.90	The variance relates to higher > 90 day debt and disputed chargeable works accounts	Non-material variance

Question 19 (departments only)

This question does not apply to your agency.

Question 20

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:

(a) in 2013-14

Not applicable

(b) in 2014-15

During the year , a total of \$36.7 million was returned to our residential customers through the Government Water Rebate issued between July and September 2014. The rebate was made possible through capital and operating efficiency initiatives and new revenue initiatives implemented during the year as well as Melbourne Water Corporation contributing approximately \$27.5m. It should be noted that these savings are above the significant operating efficiencies already embedded in our current prices.

Question 21 (departments only)

This question does not apply to your agency.

Question 22 (Department of Treasury and Finance only)

This question does not apply to your agency.

Question 23 (PNFC and PFC entities only)

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 2012-13 (\$ million)	Total dividends paid in 2013-14 (\$ million)	Total dividends paid in 2014-15 (\$ million)	Explanation for any variance greater than ± 10 per cent or \$100 million	Impact of changes to dividends on the agency
24.8	4.7	15.6	The variance relates to a change in profit between years 2011-12, and 2014-15.	

SECTION E: Public sector workforce**Question 24**

Please detail the total full-time equivalent number of staff in your department/agency as at 30 June 2013, 30 June 2014 and 30 June 2015 in each of the following bands of levels, and explain the changes:

Level	Total FTE (30 June 2013)	Total FTE (30 June 2014)	Total FTE (30 June 2015)	Explanation for changes
VPS Grades 1-3	-	-	-	City West Water does not employ staff according to the VPS grade structure.
VPS Grade 4	-	-	-	
VPS Grades 5-6 and STS	-	-	-	
EO	22.0	21.0	20.0	
Other	400.6	386.5	396.1	
Total of all staff (including non-VPS grades)	422.6	407.5	416.1	The variance relates to natural staff attrition.

Question 25

In the table below, please detail the salary costs for 2012-13, 2013-14 and 2014-15, 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 2012-13 (\$ million)	Gross salary 2013-14 (\$ million)	Gross salary 2014-15 (\$ million)	Explanation for any year-on-year variances greater than ± 10 per cent or \$100 million
Ongoing	32.6	35.3	35.8	-
Fixed-term	-	-	-	-
Casual	-	-	-	-
Total	32.6	35.3	35.8	-

Question 26

Please detail the number of executives who received increases in their base remuneration in 2013-14 and 2014-15, 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 2013-14	Reasons for these increases
0-3 per cent	21.0	Annual remuneration reviews as per executive contracts of employment. Increases comply with State Government Public Sector executive remuneration policy and guideline increase directives.
3-5 per cent	-	-
5-10 per cent	-	-

10-15 per cent	-	-
greater than 15 per cent	-	-

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount in 2014-15	Reasons for these increases
0-3 per cent	20.0	Annual remuneration reviews as per executive contracts of employment. Increases comply with State Government Public Sector executive remuneration policy and guideline increase directives.
3-5 per cent	-	-
5-10 per cent	-	-
10-15 per cent	-	-
greater than 15 per cent	-	-

SECTION F: Inter-sector flows

Question 27 (Department of Treasury and Finance only)

This question does not apply to your agency.

SECTION G: Government decisions impacting on the finances

Question 28

(a) Please detail any costs incurred during 2014-15 in the following categories as a result of machinery-of-government changes:

	(\$ million)
Consultants and contractors (including legal advice)	n/a
Relocation	n/a
Telephony	n/a
IT and records management	n/a
Rebranding	n/a
Furniture and fit-out	n/a
Other	n/a

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

N/A

(c) Please identify any benefits achieved during 2014-15 as a result of machinery-of-government changes, quantifying the benefits where possible.

N/A

Question 29

Please identify any Commonwealth Government decisions during 2013-14 or 2014-15 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 2013-14		Impact in 2014-15	
	on income (\$ million)	on expenses (\$ million)	on income (\$ million)	on expenses (\$ million)
N/A				

Question 30

Please identify any COAG decisions during 2013-14 or 2014-15 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 2013-14		Impact in 2014-15	
	on income (\$ million)	on expenses (\$ million)	on income (\$ million)	on expenses (\$ million)
N/A				

SECTION H: Fiscal and financial management strategies (Department of Treasury and Finance only)***Question 31***

This question does not apply to your agency.

Question 32

This question does not apply to your agency.

SECTION I: Economic environment***Question 33 (Department of Treasury and Finance only)***

This question does not apply to your agency.

Question 34 (Department of Treasury and Finance only)

This question does not apply to your agency.

Question 35 (Department of Treasury and Finance only)

This question does not apply to your agency.

Question 36 (Department of Treasury and Finance only)

This question does not apply to your agency.

Question 37

Please identify any key economic variables for which there were variances in 2013-14 and 2014-15 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 2013-14	Actual result in 2013-14	Impact of the variance on budget outcomes	Decisions made in response
N/A			

Expected economic result in 2014-15	Actual result in 2014-15	Impact of the variance on budget outcomes	Impact of the variance on service delivery
N/A			

SECTION J: Previous recommendations

Question 38 (departments only)

This question does not apply to your agency.