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### Question 19 (all departments and entities) Commonwealth Government decisions

Please identify any Commonwealth Government decisions during 2017-18 and 2018-19 which had not been anticipated/not been concluded before the finalisation of the State budget in 2017-18 and 2018-19 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.

#### 2017-18 Response

Commonwealth Government decision	Impact(s) in 2017-18	
	on income (\$ million)	on expenses (\$ million)
Not applicable.		

#### 2018-19 Response

Commonwealth Government decision	Impact(s) in 2018-19	
	on income (\$ million)	on expenses (\$ million)
Not applicable.		

### Question 20 (all departments and entities) Council of Australian Governments (COAG) decisions

Not applicable.

## Section G: General

### Question 21 (all departments and entities) Key audit matters

Please list any Key Audit Matters (KAMs) identified by the Victorian Auditor General in the department/entities 2017-18 and 2018-19 annual reports and provide information about the associated actions taken by the department/entity to benefit future disclosures or manage associated risks, since the KAMs were identified.

#### 2017-18 Response

Key audit matters identified	Actions taken
Not applicable.	

#### 2018-19 Response

Key audit matters identified	Actions taken
Revenue from service usage charges are derived from a complex IT billing system with several inputs, including external service providers.	<p>South East Water has effective controls in place, including:</p> <ul style="list-style-type: none"> <li>• Implemented and regularly testing Business Continuity Plans and Disaster Recovery processes</li> <li>• Upgrading and maintaining applications and/or servers</li> <li>• Internal audits on activities and processes which captures the billing system</li> <li>• Compliance with Quality Management System standards</li> <li>• Managing investment in the most appropriate areas in the IT portfolio within a set budget.</li> </ul> <p>Note: This risk has continuously been managed by South East Water, even prior to VAGO identifying this risk as a Key Audit Matter.</p>
The fair value estimate of infrastructure assets is derived from an income-based valuation approach that uses a complex discounted cashflow model.	<p>South East Water engages an independent third party to perform the valuation of South East Water’s infrastructure assets on an annual basis. Any material movement in the infrastructure asset valuation are adjusted and disclosed in the financial report accordingly</p> <p>Note: This risk has continuously been managed by South East Water, even prior to VAGO identifying this risk as a Key Audit Matter.</p>

## Question 22 (all departments and entities) Reviews/studies undertaken

- a) Please list all internal and external reviews/studies commenced or completed by or on behalf of the department/agency in 2017-18 and 2018-19 and provide the following information:
- i. Name of the review/study and which portfolio and output/agency is responsible
  - ii. Reasons for the review/study
  - iii. Terms of reference/scope of the review/study
  - iv. Timeline for the review/study
  - v. Anticipated outcomes of the review/study
  - vi. Estimated cost of the review/study and final cost (if completed)
  - vii. Final cost if completed
  - viii. Where completed, whether the review/study is publicly available and where.

### 2017-18 Response

Name of the review (portfolio(s) and output(s)/agency responsible)	Reasons for the review/study	Term of reference/scope	Timeline	Anticipated outcomes	Estimated cost (\$)	Final cost if completed (\$)	Publicly available (Y/N) and URL
2018 ESC Price Review	The Essential Services Commission (ESC) reviews SEW's proposed 5-year prices for the provision of water and sewerage services to its customers	The scope of the ESC price review is outlined in the <a href="#">ESC guidance paper</a>	The 2018 price review commenced in September 2017 (submitted price submission) and was finalised in June 2018	The ESC authorises SEW tariff proposals commencing 1 July 2018 for a 5-year period	Approximately \$2 million (included in cost: ESC Licence fees; FTE costs)	\$2 million	<a href="#">2018 Pricing Submission</a>

**2018-19 Response**

Name of the review (portfolio(s) and output(s)/agency responsible)	Reasons for the review/study	Term of reference/scope	Timeline	Anticipated outcomes	Estimated cost (\$)	Final cost if completed (\$)	Publicly available (Y/N) and URL
<p>Melbourne’s Water Outlook 2019</p> <p>The three metro water corporations rotate production of this report over a three-year period. South East Water had responsibility for the 2019 report</p>	<p>The Annual Water Outlook keeps Melburnians informed about the state’s water supplies and outlines the contingency plans being put in place to cope with any shortages should they arise this summer and autumn</p>	<p>The terms of Reference are listed in <a href="#">Water Corporations Statement of Obligations</a></p>	<p>July 2018 to September 2018</p>	<p>N/A</p>	<p>Approx. \$30,000 – Completed in house</p>	<p>\$43,587 including employee on-costs of 25%</p>	<p>Published at the time. No longer available on SEW website <a href="#">Melbourne Water link</a></p>

b) Please outline the Department’s/Agencies in house skills/capabilities/expertise to conduct reviews/studies/evaluations/data analysis of the programs and services for which the Department /Agency is responsible.

Large pieces of work, such as the ESC Price Review require the creation of dedicated team of multiple staff drawn from across the organisation, working over a period of months, to complete them.

Smaller reports, such as the Water Outlook, can be carried out in-house through the responsible team, with assistance from the communications team.

Outside consultants are engaged on an as needs basis, and are often used for in-house reviews.

**Question 23 (all departments and entities) Annual reports – performance measure targets and objective indicators**

Not applicable.

**Question 24 (all departments and entities) Challenges experienced by department/agency**

Refer to the Department of Environment, Land, Water and Planning's response to the 2017-18 and 2018-19 Financial and Performance Outcomes Questionnaire.

**Question 25 (all departments) Newly created bodies**

Not applicable.

## Section H: Implementation of previous recommendations

### Question 26 (relevant departments only)

Not applicable.

## Section I: Department of Treasury and Finance only

### **Question 27 (DTF only) Revenue certification**

Not applicable.

### **Question 28 (DTF only) Net cash flows from investments in financial assets for policy purposes – General Government Sector (GGS)**

Not applicable.

### **Question 29 (DTF only) Purchases of non-financial assets – General Government Sector (GGS)**

Not applicable.

### **Question 30 (DTF only) Revenue initiatives**

Not applicable.

### **Question 31 (DTF only) Expenses by departments – General Government Sector (GGS)**

Not applicable.

### **Question 32 (DTF only) Economic variables**

Not applicable.

### **Question 33 (DTF only) Resource Management Framework – Funding reviews**

Not applicable.

## Section J: Treasury Corporation of Victoria only

### **Question 34 Dividends**

Not applicable.

### **Question 35 Commodity risk management**

Not applicable.

### **Question 36 Foreign exchange risk management**

Not applicable.

### **Question 37 Public Private Partnership (PPP) projects**

Not applicable.

### **Question 38 Green Bonds**

Not applicable.