

PARLIAMENT OF VICTORIA

Public Accounts and Estimates Committee



**2021-22 and 2022-23
Financial and Performance Outcomes
General Questionnaire**

South East Water

Contents

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Introduction – Financial and Performance Outcomes Questionnaire

The Committee's inquiry into the 2021-22 and 2022-23 Financial and Performance Outcomes examines:

- the Government's actual expenditure and revenue compared to the budgeted expenditure and revenue
- the actual performance outcomes against the targeted performance outcomes at a departmental/agency level
- other expenditure unforeseen at the time of preparing the 2021-22 and 2022-23 Budgets 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 2021-22 and 2022-23 financial years, what was achieved during those years and how that compares to expectations.

Consistency with the budget papers

Wherever referring to an initiative/program/project that is referred to 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 2021-22 and 2022-23, please provide details of the expected outcomes for the community of the initiative 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 all relate to the outcomes that the department contributed to in 2021-22 and 2022-23.

- a) Using the format of the table below, please outline the five programs that delivered the most important outcomes in the community¹ achieved by the department in 2021-22 and 2022-23 including:
- i. The name of the program
 - ii. The relevant 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).

¹ 'Outcomes' are the impact of service delivery on the community rather than a description of the services delivered. The Committee considers that 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 initial Budget in 2021-22 and 2022-23.

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 (2023), (section 4, pg. 69) 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 (2022 section 4.5 pg. 88) provides guidance on how departments access funding from central contingencies.

Please provide information regarding funding received from central contingency in 2021-22 and 2022-23 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) 2021–22 and 2022–23 Budget funding allocation and performance – Not Applicable

The 2021–22 Budget allocated \$3.7 billion to the line item *Meeting demand for hospital services*. The 2022-23 Budget allocated \$2.3 billion to the line item *Enabling care and meeting demand for hospital services*.

- a) Please provide a detailed breakdown of the actual amount spent in 2021-22 and 2022-23. 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 Families, Fairness and Housing only) Victorian Contribution to National Disability Insurance Scheme – Not Applicable

- a) The 2021-22 Budget allocated \$1.7 billion to the Victorian Contribution to National Disability Insurance Scheme (NDIS) and the 2022-23 Budget allocated \$2.7 billion in payments on behalf of the state to National Disability Insurance Agency.² In relation to outcomes achieved in the 2021-22 and 2022-23 years, please provide the following information on disability services and support in Victoria.
- b) What mechanisms did the Victorian Government have in place to ensure Victorians with disability and the Victorian community received value for money and quality services in exchange for the amounts paid to the NDIS in 2021-22 and 2022-23?
- c) In 2021-22 and 2022-23 what disability services did the Victorian Government provide?
- d) Please outline the three most significant disability services/programs provided by the Victorian Government in 2021-22 and 2022-23, including amount expended, funding source and outcomes achieved for people with disability.

² Department of Treasury and Finance, *Budget Paper No. 2: 2021–22 Strategy and Outlook*, Melbourne, 2022, p. 201; Department of Treasury and Finance, *Budget Paper No. 5: 2022–23 Statement of Finances*, Melbourne, 2023, p. 96

Section B: Asset investment

Question 7 (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 revised TEI as at 30 June 2022 and 30 June 2023 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 2022 and 30 June 2023 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 2022 and 30 June 2023.

Question 8 (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 the 2021-22 and 2022-23 financial years:

- 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 9 (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 the 2021-22 and 2022-23 financial years 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 2021-22 and 2022-23 and business case details for each project.

Question 10 (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 2022 and 30 June 2023, or the actual cost spent to 30 June 2022 and 30 June 2023 (actual cost spent in the respective financial year) 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 2020-21 Budget and the 2021-22 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 2020-21 Budget and the 2021-22 Budget.

Question 11 (DoT/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 2022 and 30 June 2023, or the actual cost spent to 30 June 2022 and 30 June 2023 (actual cost spent in the respective financial year) 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 2020-21 Budget and the 2021-22 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 2020-21 Budget and the 2021-22 Budget.

Section C: Revenue and appropriations

Question 12 (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 2020-21 and 2021-22 and the actual result for 2021-22 and 2022-23 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue 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 2021-22 and the 2022-23 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.

2021-22 response

| Revenue category | 2020-21 actual (\$ million) | 2021-22 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) |
|---------------------------------------|-----------------------------|-----------------------------|---|--|-------------------------------------|
| Revenue from contracts with customers | 1,052.9 | 1,052.6 | Not applicable | Not applicable | Not applicable |
| Other income | 2.5 | 1.9 | Reduction in rental charges as a result of lower lease renewals in line with property revaluations from the Valuer-General of Victoria on commercial lease spaces, as well as other licence | No material impact | Not applicable |

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

| | | | | | |
|--|--|--|-------------------------|--|--|
| | | | agreements not renewed. | | |
|--|--|--|-------------------------|--|--|

2022-23 response

| Revenue category | 2021-22 actual (\$ million) | 2022-23 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) |
|---------------------------------------|-----------------------------|-----------------------------|--|--|-------------------------------------|
| Revenue from contracts with customers | 1,052.6 | 1,057.8 | Not applicable | Not applicable | Not applicable |
| Other income | 1.9 | 2.1 | Increase in rental charges as a result of higher lease renewals in line with property revaluations from the Valuer-General of Victoria on commercial lease spaces. | Not applicable | Not applicable |

Question 13 (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 2021-22 and 2022-23 for each revenue category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue 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.

2021-22 response

| Revenue category | 2021-22 Budget estimate (\$ million) | 2021-22 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) |
|---------------------------------------|--------------------------------------|-----------------------------|--|--|-------------------------------------|
| Revenue from contracts with customers | 1,010.0 | 1,052.6 | Not applicable | Not applicable | Not applicable |
| Other income | 1.8 | 1.9 | Not applicable | Not applicable | Not applicable |

2022-23 response

| Revenue category | 2022-23 Budget estimate (\$ million) | 2022-23 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) |
|---------------------------------------|--------------------------------------|-----------------------------|--|--|-------------------------------------|
| Revenue from contracts with customers | 1053.2 | 1,057.8 | Not applicable | Not applicable | Not applicable |
| Other income | 2.1 | 2.1 | Not applicable | Not applicable | Not applicable |

Section D: Expenses

Question 14 (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 2020-21 and 2021-22 and the actual result for 2021-22 and 2022-23 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 the actual result for 2021-22 and the 2021-22 budget estimate and the actual result for 2022-23 and the 2022-23 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.

2021-22 response

| Expenses category | 2020-21 actual \$ million | 2021-22 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 |
|-------------------------------|------------------------------|------------------------------|--|--|
| Operating expenses | 632.9 | 639.3 | Not applicable | Not applicable |
| Employee benefits | 53.2 | 59.6 | Largely due to changes to accounting application for labour costs, such as Software-as-a-Service type projects, where previously labour costs could be capitalised, however these are now treated as operating expenditure | Additional FTE contributed to the delivery of South East Water's 2018-23 Price Determination commitments. Despite the increase in employee benefits costs, customer commitments were not negatively impacted. Note the additional operating expenditure against labour is offset by lower capital expenditure against labour. |
| Depreciation and amortisation | 117.0 | 122.9 | Not applicable | Not applicable |
| Finance costs | 80.9 | 78.0 | Not applicable | Not applicable |
| Environmental contribution | 43.5 | 43.5 | Not applicable | Not applicable |

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

| Expenses category | 2021-22 budget \$ million | 2021-22 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 |
|----------------------------------|------------------------------|------------------------------|---|---|
| Operating expenses | 611.6 | 639.3 | Not applicable | Not applicable |
| Employee benefits | 59.0 | 59.6 | Not applicable | Not applicable |
| Depreciation and amortisation | 124.0 | 122.9 | Not applicable | Not applicable |
| Finance costs | 82.4 | 78.0 | Not applicable | Not applicable |
| Environmental contribution | 43.5 | 43.5 | Not applicable | Not applicable |

2022-23 response

| Expenses category | 2021-22 actual \$ million | 2022-23 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 |
|----------------------------------|------------------------------|------------------------------|--|---|
| Operating expenses | 639.3 | 638.4 | Not applicable | Not applicable |
| Employee benefits | 59.6 | 69.5 | Largely due to: <ul style="list-style-type: none"> provision for new Enterprise Bargaining Agreement (EBA) costs as per the April 2023 Wage Policy, subject to final approval. 2 per cent increase in FTEs over the 12 months and increase in staff remuneration between 1.5 per cent – 2 per cent as per the EBA. | Additional FTE contributed to the delivery South East Water's 2018-23 Price Determination commitments. Despite the increase in employee benefits costs, customer commitments were not negatively impacted. |
| Depreciation and amortisation | 122.9 | 123.7 | Not applicable | Not applicable |
| Finance costs | 78.0 | 89.2 | Increase in the weighted average interest rate on South East Water's debt portfolio due to economic market condition over the past 12 months. | Higher finance charges reduced the net profit before tax, which also reduced the dividend paid back to the Government. |

| | | | | |
|----------------------------|------|------|----------------|----------------|
| Environmental contribution | 43.5 | 43.5 | Not applicable | Not applicable |
|----------------------------|------|------|----------------|----------------|

| Expenses category | 2022-23 budget \$ million | 2022-23 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 |
|-------------------------------|------------------------------|------------------------------|---|--|
| Operating expenses | 620.4 | 638.4 | Not applicable | Not applicable |
| Employee benefits | 68.1 | 69.5 | Not applicable | Not applicable |
| Depreciation and amortisation | 130.2 | 123.7 | Not applicable | Not applicable |
| Finance costs | 86.6 | 89.2 | Not applicable | Not applicable |
| Environmental contribution | 43.5 | 43.5 | Not applicable | Not applicable |

Question 15 Expenses/interventions related to COVID-19 pandemic response – Not Applicable

For 2021-22 and 2022-23, please outline the programs and/or initiatives that were announced as part of the Victorian Government’s response to the COVID-19 pandemic in the order of the highest amount allocated.

Please indicate if the department made use of emergency advances and retroactive funding approvals.

Please note whether there are identified performance measures in the budget papers related to the announced programs and please provide details of the reported outcomes.

Question 16 (all departments and entities) Changes to service delivery from savings initiatives

For each of the savings initiatives detailed in the 2021-22 Budget please provide the following details of the impact on service delivery:

- Savings target in the 2021-22 Budget and the amount of the savings target allocated to the department/entity.
- Actual savings achieved in 2021-22 and the actions taken to achieve the savings target allocated and their impact, including the link to the relevant output and portfolio impacted.

2021-22 response

| Savings initiative in the Budget \$ million | Savings target allocated to the department/entity in 2021-22 | Actual savings achieved in 2021-22 \$ 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) |
|---|--|---|---|--|--|
| Not applicable | | | | | |

Question 17 (all departments) Achievement of reprioritisation of existing resources – Not Applicable

The 2021-22 and 2022-23 Budgets include targets for ‘reprioritisation and revenue offsets’ to fund new initiatives (2021-22 Budget Paper No. 2, p. 68 and 2022-23 Budget Paper no. 2, p. 66). 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 were the funds actually 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.

⁵ That is, please provide this information for the department on the same basis of consolidation as is used in the budget papers.

Question 18 (all departments) Contractors, Consultants and Labour Hire Arrangements – Not Applicable

- a) Please indicate how much the department spent on contractors, consultants and labour hire arrangements during 2020-21, 2021-22 and 2022-23. 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 2021-22 and 2022-23 and list the reasons for engaging the firms.

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 2021-22 and 2022-23, 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 2022 and 30 June 2023. Please provide details of the methodology used for the ratio calculation.

2021-22 response

| Type of dividend paid | 2021-22 Budget (\$ million) | 2021-22 Actual (\$ million) | Explanations for variances $\pm 10\%$ 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 2022 |
|-----------------------|--------------------------------|--------------------------------|---|---|----------------------------------|
| Dividends | 26.0 | 42.1 | Due to higher than budget profit result for 2020–21. | Level of borrowings and finance charges were impacted to pay dividends. | 1.66 |
| Capital Repatriation | 97.2 | 97.2 | Not applicable | Not applicable | |

| Economic funding ratio / accounting funding ratio as at 30 June 2022 | Details of the methodology |
|---|----------------------------------|
| 1.66 | Total assets / Total liabilities |
| | |

2022-23 response

| Type of dividend paid | 2022-23 Budget (\$ million) | 2022-23 Actual (\$ million) | Explanations for variances $\pm 10\%$ 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 2023 |
|-----------------------|-----------------------------|-----------------------------|--|--|-------------------------------|
| Dividend | 33.0 | 21.7 | Due to lower than budget profit result for 2021-22 and 2022-23. | Level of borrowings and finance charges impacted to pay dividends. | 1.64 |
| Capital Repatriation | 97.2 | - | Capital Repatriation payment for the 2022-23 financial year was deferred to July 2023, as advised by Government. | Increase in South East Water's gearing ratio. | |

| Economic funding ratio / accounting funding ratio as at 30 June 2023 | Details of the methodology |
|--|----------------------------------|
| 1.64 | Total assets / total liabilities |
| | |

Section E: Overall financial performance

Question 20 (all departments) Impact of COVID-19 on financial performance – 2021-22 and 2022-23 – **Not Applicable**

Please outline and quantify, where possible, the impacts of the COVID-19 pandemic on the department/agency's financial performance.

Question 21 (all departments) Impact of unforeseen events on financial performance – 2021-22 and 2022-23

– Not Applicable

Please outline and quantify, where possible, the impacts of unforeseen events over 2021-22 and 2022-23 on the department/agency's financial performance.

Section F: Public sector workforce

Question 22 (all departments and entities) Full Time Equivalent (FTE) staff by level and category

a) Please provide total FTE as of 30 June 2021, 30 June 2022, 30 June 2023 and provide explanation for more than \pm -10% change in FTE between years.

| 30 June 2021 Actual FTE | 30 June 2022 Actual FTE | 30 June 2023 Actual FTE | Explanations of variance \pm -10% between 2021 - 2022 | Explanations of variance \pm -10% between 2022 - 2023 |
|----------------------------|----------------------------|----------------------------|--|--|
| 683.5* | 710.5* | 791.0 | Not applicable | These increases were to support our existing strategies in asset operations, maintenance and management and in delivering better solutions for our people and our customers. |
| | | | | |
| | | | | |

* Full time equivalents includes on-going, fixed term and casual staff

b) For 2021-22 and 2022-23, 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.

South East Water experienced the greatest growth within our Technology and Engineering workforces, both of which were in demand skills within the local Victorian and National Market. Roles where we found the biggest challenges were around software developers, salesforce professionals and senior engineering roles due to demand driving up remuneration expectations in the external market. We saw a reduction in turnover in financial year 2022-23, assisting us in building and developing capability internally.

Question 23 (all departments and entities) Salary by employment category

In the table below, please detail the salary costs for 2020-21, 2021-22 and 2022-23, 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 2020-21 (\$ million) | Gross salary 2021-22 (\$ million) | Gross salary 2022-23 (\$ million) | Explanation for any year-on-year variances $\pm 10\%$ or \$100 million |
|---------------------|---|---|---|--|
| Ongoing | 74.1 | 81.0 | 86.0 | |
| Fixed-term | 3.3 | 2.7 | 4.1 | Fluctuations based on project activity levels. |
| Casual | 0.1 | 0.0 | 0.0 | Change in business decision, no casual hire. |
| Total | 77.5 | 83.7 | 90.1 | |

Note: As reported in previous surveys, employee benefit costs reported in the annual report includes employee on-cost charges that are not paid to the employee and does not include salaries and wages for those employees working on capital related projects.

Question 24 (all departments and entities) Executive salary increases

Please detail the number of executives who received increases in their base remuneration in 2021-22 and 2022-23, 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.

2021-22 response

| Increase in base remuneration | Number of executives receiving increases in their base rate of remuneration of this amount in 2021-22, apart from increases outlined in employment agreements | | | Reasons for these increases |
|-------------------------------|---|------|----------------|---|
| | Female | Male | Self-described | |
| 0-3% | 2 | 4 | | Executives received 1.5 per cent increase in line with government directives. |
| 3-5% | | | | |
| 5-10% | 1 | | | Board approved increase based on internal review. |
| 10-15% | | | | |
| greater than 15% | | | | |

2022-23 response

| Increase in base remuneration | Number of executives receiving increases in their base rate of remuneration of this amount in 2022-23, apart from increases outlined in employment agreements | | | Reasons for these increases |
|-------------------------------|---|------|----------------|---|
| | Female | Male | Self-described | |
| 0-3% | 3 | 3 | | Executives received 1.5 per cent increase in line with government directives. |
| 3-5% | | | | |
| 5-10% | | 1 | | Board approved increase based on position reclassification as per Public Entity Executive Remuneration (PEER) review. |
| 10-15% | | | | |
| greater than 15% | | | | |

Question 25 (all departments and entities) Enterprise Bargaining Agreement (EBAs)

Please list the Enterprise Bargaining Agreement (EBAs) concluded in 2021-22 and 2022-23 that had an impact for the department/agency. For each EBA, please show the number of employees affected and the growth in employee expenses attributable to the EBA.

2021-22 response

| Enterprise Bargaining Agreement | Number of employees affected | Number of employees as a % of department/entity | Growth in employee expenses attributable to the EBA (\$ million) | Growth in employee expenses attributable to the EBA (\$ million) as a % of total employee expenses |
|---------------------------------|------------------------------|---|--|--|
| Not applicable | | | | |
| | | | | |

2022-23 response

| Enterprise Bargaining Agreement | Number of employees affected | Number of employees as a % of department/entity | Growth in employee expenses attributable to the EBA (\$ million) | Growth in employee expenses attributable to the EBA (\$ million) as a % of total employee expenses |
|---------------------------------|------------------------------|---|--|--|
| South East Water EBA | 638 | 75% | Not applicable – new EBA not finalised. | Not applicable – new EBA not finalised. |
| | | | | |

Section G: Government decisions impacting on finances

Question 26 (all departments and entities) Commonwealth Government and National Cabinet decisions

Please identify any Commonwealth Government and National Cabinet decisions during 2021-22 and 2022-23 which had not been anticipated/not been concluded before the finalisation of the State budget in 2021-22 and in 2022-23 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.

2021-22 response

| Commonwealth Government decision | Impact(s) in 2021-22 | |
|----------------------------------|------------------------|--------------------------|
| | on income (\$ million) | on expenses (\$ million) |
| Not applicable | | |
| | | |
| National Cabinet decision | Impact(s) in 2021-22 | |
| | on income (\$ million) | on expenses (\$ million) |
| Not applicable | | |
| | | |

2022-23 response

| Commonwealth Government decision | Impact(s) in 2022-23 | |
|----------------------------------|------------------------|--------------------------|
| | on income (\$ million) | on expenses (\$ million) |
| Not applicable | | |
| | | |
| National Cabinet decision | Impact(s) in 2022-23 | |
| | on income (\$ million) | on expenses (\$ million) |
| Not applicable | | |
| | | |

Section H: General

Question 27 (all departments and entities) Reviews/evaluations undertaken

- a) Please list all internal⁶ and external reviews/studies, established, commenced or completed by or on behalf of the department/agency in 2021-22 and 2022-23 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.

2021-22 response

| 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. |
|--|-----------------------------------|--------------------------|----------|----------------------|---------------------|------------------------------|--|
| Not applicable | | | | | | | |

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.

2022-23 response

| 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. |
|--|---|---|--|---|--|------------------------------|---|
| 2023 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 ESC guidance paper. This can be accessed at: ESC Water price review guidance paper | We commenced work on our submission in November 2020. The finalised Price Review was submitted to the ESC on 29 September 2022 | The ESC made its final decision on our proposed prices on 23 June 2023 while the 5-year price period commenced from 1 July 2023 | \$1.8 million – this original estimate excluded consulting costs | \$3.04 million | Yes – South East Water price review 2023 was made publicly available in July 2023 |
| Greater Melbourne Urban Water Systems Strategy: Water for Life | Delivers on the requirement under the <i>Water for Victoria</i> that every five years Melbourne Water and retail water corporations produce the Melbourne System Strategy and urban water strategies, respectively. The individual strategies were last reviewed in 2017. | Our water plans are regularly reviewed to take into consideration changes in our operating environment, new knowledge and best practice. | September 2020 – April 2023 | A strategy to provide our region with a secure and sustainable water supply for the next 50 years. | \$1.0 million | \$0.9 million | Water for Life Strategy |

- a) 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 a dedicated team of multiple staff drawn from across the organisation, working over a period of months, to complete them.

Smaller reports 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 28 (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 2021-22 and 2022-23 and the department/entity's performance against these internal targets.

- b) Please outline and quantify where possible the department's actions in 2021-22 and 2022-23 that have contributed to the Whole of Victorian Government emissions reduction pledge.

Question 29 (DoT/DTP, DET/DE, DH, DELWP/DEECA) Adaptation Action Plans – Not Applicable

Please describe the progress made and actions taken to implement the department's Adaptation Action Plan in 2021-22 and 2022-23. 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 30 (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 their 2021-22 targets.

- b) Please provide the following information for objective indicators where data was not available at publication of the annual report 2021-22.

- c) Please provide the following information on performance measures that did not meet their 2022-23 targets.

- d) Please provide the following information for objective indicators where data was not available at publication of the annual report 2022-23.

Question 31 (all departments and entities) Challenges experienced by department/agency

Please list a minimum of three main challenges/risks faced by the department/agency in 2021-22 and 2022-23.

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.

2021-22 response

| | Challenge experienced | Internal/ External | Causes of the challenge | Action taken to manage the challenge/risk |
|----|---------------------------|-----------------------|--|--|
| 1. | Safety and wellbeing | Internal and External | Workplace injury which may be physical, mental, health or wellbeing related. | <ol style="list-style-type: none"> 1. We provided a comprehensive wellbeing program aimed at improving employee health with a number of initiatives rolled out during 2021-22. 2. Improving our certified safety management system. 3. Supporting our employees and stakeholders by remaining flexible and providing our employees with balance. |
| 2. | Customers and communities | External | As an essential service, providing our customer and community with service levels that meets their expectations, in the backdrop of COVID-19 impacts and cost of living pressures. | <ol style="list-style-type: none"> 1. Continuing our high level of customer support, particularly to vulnerable customers. We received over 400,000 customer calls and 120,000 email contacts, assisted more than 7,000 people via our customer assist program and restored 98 per cent of unplanned water interruptions within five hours. 2. We welcomed feedback from almost 9,000 customers who told us what they valued and what would be most important to them and their community over the next five years as we continued planning for our 2023-28 price submission. We also acknowledge the work of our first deliberative community panel who considered this feedback and handed down their independent recommendations about our future prices and services. 3. We supported our community through our community grants program. We granted \$100,000 in funding to support the innovative projects of 16 organisations in the areas of affordability; environment; health and liveability, water security and literacy. |

| | | | | |
|----|----------------|----------|--|--|
| 3. | Climate Change | External | Climate change impacts the security of our water supply and our ability to supply the water and wastewater services our customers rely on – and the impacts range from damage to our assets in extreme weather events such as bushfire or storms, through to drought affecting water storage levels. | <ol style="list-style-type: none"> 1. We commenced roll out of digital meters across our network, exchanging 41,000 meters during 2021-22. At the end of 2021-22, the new digital meter technology has helped customers find over 4,000 leaks they didn't know they had and reduced water wastage. This has saved over \$1.2 million off customer bills (from alerting them to leaks) and 280ML of water. 2. We used proven technology to solve local challenges with local solutions as part of the Fisherman's Bend Water Sensitive City Strategy, aimed to reduce demand on drinking water supplies. 3. We (with funding from the Victorian Government) are building the Dingley Recycled Water Scheme to help increase future recycled water use across parts of Melbourne. 4. We continued to promote water conservation via the Make Every Drop Count and Choose Tap initiatives. 5. We supported the former DELWP in the development of the draft Central and Gippsland Region Sustainable Water Strategy. This long term plan has been developed to secure a sustainable supply of water in the region. In addition to working with our industry peers (Greater Western Water, Yarra Valley Water and Melbourne Water and Traditional Owners) to develop Water for Life – a 50 year urban water strategy. |
|----|----------------|----------|--|--|

2022-23 response

| | Challenge experienced | Internal/ External | Causes of the challenge | Action taken to manage the challenge/risk |
|----|-----------------------|-----------------------|--|---|
| 1. | Safety and wellbeing | Internal and External | Workplace injury which may be physical, mental, health or wellbeing related. | <ol style="list-style-type: none"> 1. Continued our focus on workplace health, safety and wellbeing. 2. Working with our industry partners to continually strengthen safety practices at construction sites. 3. Improving our certified safety management system. 4. Focused on reconnecting with colleagues in the office regularly and with peers at industry events under our hybrid working arrangements. |

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|----|---------------------------|----------|---|---|
| 2. | Customers and communities | External | As an essential service, providing our customer and community with service levels that meets their expectations, in the backdrop of cost of living pressures. | <ol style="list-style-type: none"> 1. We continued our roll out of digital meters and leak alert program for digital meter customers. Up to end of 2022-23, we supported our customers to save 800 million litres of water and reduced bills by over \$3 million by alerting them quickly about a leak on their property. 2. We continued to learn from Traditional Owners and Aboriginal community to understand how they care for Country and how we can protect our environment, and create a more inclusive and culturally safe organisation. 3. We have comprehensive asset management plans in place and constantly monitor asset conditions to allow us to communicate with our customers around service disruptions at the right time. In 2022-23 we received our ISO 55001 Asset Management certification. |
| 3. | Climate change | External | Wet weather events in 2022-23 continued to demonstrate the impact a changing climate is having on our customers and our business. | <ol style="list-style-type: none"> 1. We are taking steps to futureproof our operations, reduce out environmental footprint that will ensure our customers and community continue to have access to safe and reliable drinking water. 2. We are reducing our carbon emissions by using renewable energy sources wherever we can, mapping potential future climate change risks through our risk assessment tool, implementing IoT (internet of Things) enabled sensors throughout our network to reduce the impacts of bursts and spills, and using environmental sensitivity mapping so we know which parts of our service region are vulnerable during an extreme weather event or sewer spill. 3. We continue to help secure water supplies for the southeast region by investing in the Monterey Recycled Water Scheme. 4. We refined our climate adapt plans for our assets and business operations. |
| 4. | Cyber Security | External | The cyber security threat is consistently changing, and was further heighten from the Medibank and Optus cyber security attacks, are posing significant risks for all organisations including South East Water. | <ol style="list-style-type: none"> 1. We manage our information technology and operational technology (IT/OT) infrastructure aligned to asset management plans to ensure the stability and reliability of all platforms. 2. We aligned our data security to the Victorian Protective Data Security Standards 3. We have mandatory data security awareness training as we continue to educate our employees around cybersecurity and the role that they play in protecting our information including phishing exercises. 4. We have established network controls to protect the data we store, including auditing and testing of our technology, response and controls including |

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|--|--|--|--|---|
| | | | | penetration test, red team assessment, internal and external audits and incidents training. |
|--|--|--|--|---|

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 2021-22 and 2022-23 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 2020-21 Financial and Performance Outcomes* and supported 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 2019-20 Financial and Performance Outcomes* supported by the Government.

Section J: Department of Treasury and Finance only

Question 34 (DTF only) Net cash flows from investments in financial assets for policy purposes – General Government Sector (GGS) – Not Applicable

Financial assets include cash, investments, loans and placements. This question seeks to ascertain the variance behind the estimated value of the financial assets held versus the actual value of the financial assets and the projects that contributed to the variance.

Regarding the 'net cash flows from investments in financial assets for policy purposes' in the GGS cash flow statement for 2021-22 and 2022-23, please provide:

- a) the top five projects that contributed to the variance recorded in each year
- b) the initial budget estimate (not the revised estimate) for net cash flow in 2021-22 and 2022-23 (source: 2021-22 BP5, p. 9; 2022-23 BP5 p. 9) and the actual net cash flow in 2021-22 and 2022-23
- c) an explanation for variances between budget estimate and actual net cash flow.

Question 35 (DTF only) Purchases of non-financial assets – General Government Sector (GGS) – Not Applicable

Regarding the 'purchases of non-financial assets' by the GGS in 2021-22 and 2022-23 (source: 2021-22 BP 5, p.32: 2022-23 BP 5, pg. 30), please compare the initial budget estimate for each department to the actual value of 'purchases of non-financial assets' for each department, explaining any variances equal to or greater than $\pm 10\%$ or \$100 million (please fill all blank spaces) and then link it to the relevant output and portfolio. For variance greater than $\pm 10\%$ or \$100 million, please provide a breakdown of the non-financial asset purchased.

Question 36 (DTF only) Revenue initiatives – Not Applicable

- a) Regarding the revenue initiatives announced in the 2021-22 and 2022-23 Budgets, please provide an explanation for the variances equal to or greater than $\pm 10\%$ or \$100 million between budget estimates and the actual results.
- b) Regarding the Mental Health and Wellbeing surcharge/levy, please provide the total revenue received from the surcharge/levy, how much of the revenue was expended, which departments received funds from the surcharge/levy, amount received, and what outputs departments spent/will spend the funds on for 2021-22 and 2022-23.

Question 37 (DTF only) Expenses by departments – General Government Sector (GGS) – Not Applicable

Regarding expenses of the GGS in 2021-22 and 2022-23 (source: 2021-22 BP 5, p. 30; 2022-23 BP5, p. 28), please compare the initial budget estimates (not the revised estimate) for each department to the actual expenses for each department, explaining any variances equal to or greater than $\pm 10\%$ or \$100 million (please fill all blank spaces) and then link it to the relevant output and portfolio.

Question 38 (DTF only) Economic variables – Not Applicable

Please indicate the estimated and actual result for the following economic variables. For the estimate, please use the initial estimate used in preparing the 2021-22 and 2022-23 budget papers. For any variance equal to or greater than ± 0.5 percentage points, please provide an explanation for the variance. Please fill all blank spaces.

Section K: Treasury Corporation of Victoria only**Question 39 Public Private Partnership (PPP)/alliance contracting projects – Not Applicable**

Please indicate how many PPP/alliance contracting projects (and which ones) TCV provided 'project advisory services' for in 2021-22 and 2022-23. For each project, please also specify if the project is a newly confirmed engagement or if it was for a project that was already underway.

Please indicate how many business cases TCV provided (and which clients these were for) as part of its 'project advisory services' in 2021-22 and 2022-23. For each business case, also specify if the project forms part of the Department of Treasury and Finance's Gateway Review Process.