



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

2016-17 FINANCIAL AND PERFORMANCE OUTCOMES
GENERAL QUESTIONNAIRE

YARRA VALLEY WATER

Your responses should be filled in the tables/text boxes under each question in the MS Word document only.

Additional responses to questions can be provided in MS Word or MS Excel documents if required.

The completed MS Word document, including any additional documents, should be emailed to paec@parliament.vic.gov.au

SECTION A: Output variances and program outcomes

Question 1 (all departments) Completed initiatives from past budgets

This question does not apply to your agency.

Question 2 (departments only) Treasurer's advances and other budget supplementation

This question does not apply to your agency.

Question 3 (DTF only) Revenue certification

This question does not apply to your agency.

SECTION B: Asset investment

Question 4 (all departments) Details of actual investment and variance against budget – current projects

This question does not apply to your agency.

Question 5 (all departments) Details of actual investment and variance against budget – projects completed (or expected to be completed)

This question does not apply to your agency.

Question 6 (all departments) Major Projects Victoria / Development Victoria

This question does not apply to your agency.

Question 7 (all departments) High-value high-risk projects and gateway reviews

This question does not apply to your agency.

Question 8 (all departments) PPP expenditure and line items

This question does not apply to your agency.

Question 9 (all departments) PPP projects in procurement

This question does not apply to your agency.

Question 10 (all departments) PPP projects under construction

This question does not apply to your agency.

Question 11 (all departments) PPP projects commissioned during 2016-17

This question does not apply to your agency.

Question 12 (DTF only) Net cash flows from investments in financial assets for policy purposes – GGS

This question does not apply to your agency.

Question 13 (DTF only) Purchases of non-financial assets – government purpose classification

This question does not apply to your agency.

SECTION C: Revenue and appropriations

Question 14 (all departments and entities) Changes from previous year by revenue/income category

Please explain any changes greater than ± 10 per cent or \$100 million between the actual result for 2015-16 and the actual result for 2016-17 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 affected 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 2016-17 expenditure changed 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	2015-16 actual (\$ million)	2016-17 actual (\$ million)	Explanations for changes greater than ± 10 per cent or \$100 million	How the additional revenue was used/the impact of reduced revenue
Fixed service charges	365.8	376.0	Customer growth and improved billing integrity.	Increase to revenue and profit in comparison to prior year.
Water usage charges	393.8	376.4	Customer demand reduction.	Decrease to revenue and profit in comparison to prior year.
Sewage disposal charges	191.4	177.6	Customer demand reduction.	Decrease to revenue and profit in comparison to prior year.
Other Products and services	23.7	20.1	Reduced development activity levels.	Decrease to revenue and profit in comparison to prior year.
Rent	2.0	1.6	2015-16 actuals included amounts that were billed in advance and not reversed to prepaid income. The issue was addressed in 2016-17.	Decrease to revenue and profit in comparison to prior year.

Interest income	0.2	0.007	Interest paid by a commercial customer following negotiated outcome on outstanding debt.	Decrease to revenue and profit in comparison to prior year.
Other	34.7	27.2	2015-16 revenue higher due to additional water trading revenue, change in accounting classification for service commitment rebates paid to customers and proceeds from asset (fleet) sales as part of the transition to the new maintenance contractor in 2015-16.	Decrease to revenue and profit in comparison to prior year.

Question 15 (all departments and entities) Variances from budget/target by revenue/income category

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 2016-17 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 2016-17 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	2016-17 budget estimate (\$ million)	2016-17 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Actions taken in response
Rent	1.4	1.6	In accordance with commercial rental agreements.	Increase to revenue and profit in comparison to budget.
Other revenue	20.9	27.2	Higher recoverable works activity levels and sale of fleet.	Increase to revenue and profit in comparison to budget.

Question 16 (DTF only) Revenue initiatives

This question does not apply to your agency.

SECTION D: Expenses

Question 17 (all departments and entities) Expenses changed from previous year

Please explain any changes greater than ± 10 per cent or \$100 million between the prior year's actual result and the actual result for 2016-17 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 2015-16 expenditure differed 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	2015-16 actual (\$ million)	2016-17 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Bulk water and sewerage charges	560.8	493.4	Impact of revised (reduced) Melbourne Water prices as well as water purchase volumes 6 per cent lower in 2016-17 due to lower customer demand.	Decrease to expenditure and increase to profit in comparison to prior year.
Government water rebate contribution received from Melbourne Water Corporation	(29.8)	-	In 2016-17 the revised Melbourne Water prices included the Government rebate adjustment.	No direct impact on Yarra Valley Water as removal of rebate was passed through as reduced prices to customers.

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

Information technology costs	2.8	4.2	Development and implementation of cloud based systems, primarily customer contact centre workflow system.	Implementation of customer contact solution to deliver improved service delivery to customers.
Consulting services	2.7	3.8	Increased project related expenditure across a range of activities including at the Customer Centre and Human Resource Strategic Advice.	Customer service level improvement and support of water industry in the delivery of human resources in line with Government objectives.
Impairment write down of assets to recoverable amount	8.7	3.2	During 2015-16 there was higher impairments due to a land and buildings revaluation. During 2016-17 the only impairment related to the Amaroo land compulsory acquisition.	Decrease to expenditure and increase to profit in comparison to prior year.
Bad and doubtful debts	4.5	2.8	Greater collections of debt from disconnected tenant accounts.	Decrease to expenditure and increase to profit in comparison to prior year. This result also delivers improved cash flow and reduced finance charges.
Write off / disposal of assets	6.5	2.1	During 2015-16 there was higher write-off/disposals due to the sale of the field motor vehicle fleet to a new maintenance contractor.	Decrease to expenditure and increase to profit in comparison to prior year.
Superannuation defined benefit expense	0.8	0.9	Lower net interest income in 2016-17 compared to 2015-16.	Increase to expenditure and decrease to profit in comparison to prior year.
Rental expenses relating to operating leases	0.3	0.2	Lease payments for motor vehicles were lower as YVW progressively move to a capital purchasing model.	Decrease to expenditure and increase to profit in comparison to prior year.
Other expenses	12.1	13.6	Movements within other expenses are individually immaterial.	Increase to expenditure and decrease to profit in comparison to prior year.

Question 18 (all departments and entities) Expenses varying from budget

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 2016-17 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 2016-17 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.

Expenses category	2016-17 budget estimate (\$ million)	2016-17 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Contract payments	51.2	59.0	Higher planned and emergency water, sewer and mechanical and electrical maintenance related volumes experienced in 2016-17.	Costs were incurred to maintain water and sewer service delivery to customers.
Information technology costs	2.3	4.2	Development and implementation of cloud based systems primarily customer contact centre workflow system.	Implementation of customer contact solution to deliver improved service delivery to customers.
Billing and revenue collection costs	8.7	9.3	Higher debt collection costs incurred as part of credit follow up actions, increase in postage rates and growth in payment costs associated with a higher number of customers being on a payment arrangement.	Increase to expenditure and decrease to profit compared with budget. Additional payment cost links to supporting customers experiencing affordability issues.
Consulting services	2.1	3.8	Increased project related expenditure across a range of activities including at the Customer Centre and Human Resource Strategic Advice.	Customer service level improvement and support of the water industry in the delivery of human resources in line with Government objectives.

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

Other expenses	15.6	13.6	Savings across a range of activities including valuation expenses to Councils, laboratory charges, insurance and rebates.	Decrease to expenditure and increase to profit in comparison to budget.
Income tax expense	19.5	25.8	Higher income tax expense.	Higher profit before tax achieved.

Question 19 (departments only) Expenditure reduction targets

This question does not apply to your agency.

Question 20 (all departments and entities) Changes to service delivery from expenditure reduction initiatives

- (a) 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 in 2016-17.

No significant changes to service delivery.

- (b) As a result of the expenditure reduction initiative 'Reduce the use of labour hire firms' for 2016-17 (2015-16 BP3 p.105), please detail any changes to your department's/agency's service delivery.

Not applicable

- (c) Please indicate how much the Department spent on 'on hire' arrangements with labour recruitment firms during 2015-16 and 2016-17. On hire arrangements includes 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 indicate reasons for and difference greater than 10 per cent between the two years.

Expenditure on hire arrangements (\$ million)		Explanation for change greater than ± 10 per cent
2015-16	2016-17	
0.5	0.4	There has been a focus on insourcing the recruitment process, which allows the Corporation greater flexibility and control in filling vacant roles with the most suitable arrangement.

- (d) Please indicate how much the Department spent on job search assignments where the department has engaged a labour recruitment firm to hire an employee for the department.

Expenditure on job search assignments (\$ million)		Explanation for change greater than ± 10 per cent
2015-16	2016-17	
-	-	Not applicable – All job search assignments are managed internally. Yarra Valley Water does not engage labour recruitment firms for job search assignments.

Question 21 (departments only) Achievement of reprioritisation of existing resources

This question does not apply to your agency.

Question 22 (DTF only) Expenses by government purpose classifications

This question does not apply to your agency.

Question 23 (PNFC and PFC entities only) Dividends and other amounts paid to the general government sector

Please detail the value of dividends, non-dividend grants,³ and capital repatriations 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. Please also explain the basis on which these figures were set.

	Total amount paid in 2014-15 (\$ million)	Total amount paid in 2015-16 (\$ million)	Total amount paid in 2016-17 (\$ million)	Explanation for any variance greater than ±10 per cent or \$100 million	Impact of changes to dividends on the agency	Basis on which the figure was set
Dividends	31.7	24.3	22.8	Variation in profit year on year combined with the increasing level of income tax equivalent payments.	Level of borrowings.	65 per cent of profit before tax less income tax equivalent.
Non-dividend grants	-	-	-	Not applicable	Not applicable	Not applicable
Capital repatriation payments	-	8.6	-	No requirement from DTF to make a capital repatriation payment in 2016-17.	Impacts borrowing levels and finance charges.	As per advice from DTF.

³ This is an amount paid to the general government sector which is unable to be paid as a dividend due to AASB 1023 or FRD 119A.

SECTION E: Public sector workforce

Question 24 (all departments and entities) Full-time equivalent staff by level

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2015, at 30 June 2016 and 30 June 2017 (broken down by the categories listed below) for the Department. Please provide figures consolidated on the same basis as the expenditure for the Department in the budget papers.

Grade	30 June 2015 (Actual FTE number)	30 June 2016 (Actual FTE number)	30 June 2017 (Actual FTE number)
Secretary	-	-	-
EO-1	-	-	-
EO-2	-	-	-
EO-3	-	-	-
VPS Grade 7 (STS)	-	-	-
VPS Grade 6	-	-	-
VPS Grade 5	-	-	-
VPS Grade 4	-	-	-
VPS Grade 3	-	-	-
VPS Grade 2	-	-	-
VPS Grade 1	-	-	-
Government Teaching Service	-	-	-
Health services	-	-	-

Police	-	-	-
Allied health professionals	-	-	-
Child protection	-	-	-
Disability development and support	-	-	-
Custodial officers	-	-	-
Other	538	546	576
Total	538	546	576

Question 25 (all departments and entities) FTE staff numbers by employment type

In the table below, please detail the salary costs for 2014-15, 2015-16 and 2016-17, 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 2014-15 (\$ million)	Gross salary 2015-16 (\$ million)	Gross salary 2016-17 (\$ million)	Explanation for any year-on-year variances greater than ± 10 per cent or \$100 million
Ongoing	30.2	30.5	30.9	Not applicable
Fixed-term	20.5	20.3	23.3	Fixed term staff received a 3 per cent salary increase on average.
Casual	0.8	1.1	1.7	Movement between the balance of casual and part time arrangements. Increase also partially attributable to senior manager working on major infrastructure project on a casual arrangement. Employees on enterprise agreement had an increase of 3 per cent, which contributed to increase of gross salary.
Total	51.5	51.9	55.9	

Question 26 (all departments and entities) Executive salary increases and other bonuses

Please detail the number of executives who received increases in their base remuneration in 2016-17, 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 2016-17, apart from normal increases due to employment agreements.	Reasons for these increases
0-3 per cent	4	Annual increase is in line with the Government Sector Executive Remuneration Panel.
3-5 per cent	1	Change in role as a result of restructure and regrading of role with increased accountabilities.
5-10 per cent	-	Not applicable
10-15 per cent	-	Not applicable
greater than 15 per cent	-	Not applicable

Question 27 (DTF only) Enterprise bargain agreements (EBA)

This question does not apply to your agency.

SECTION F: Government decisions impacting on the finances

Question 28 (all departments and entities) Commonwealth Government decisions

Please identify any Commonwealth Government decisions during 2016-17 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 2016-17	
	on income (\$ million)	on expenses (\$ million)
Not applicable	-	-

Question 29 (all departments and entities) COAG decisions

Please identify any COAG decisions during 2016-17 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 2016-17	
	on income (\$ million)	on expenses (\$ million)
Not applicable	-	-

SECTION G: Economic environment

Question 30 (DTF only) Economic variables

This question does not apply to your agency.

Question 31 (DTF only) Actual impact on GGS of variances in economic variables

This question does not apply to your agency.

Question 32 (DTF only) Impact on PFC net result of variances in economic variables

This question does not apply to your agency.

Question 33 (DTF only) Impact on PNFC net result of variances in economic variables

This question does not apply to your agency.

Question 34 (all departments and entities) Effects of variances in economic variables

Please identify any key economic variables for which there were variances in 2016-17 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 2016-17	Actual result in 2016-17	Impact of the variance on budget outcomes	Impact of the variance on service delivery
Not applicable	-	Not applicable	Not applicable

SECTION H: DataVic Access

Question 35 (All departments and entities) Department/agency data and research strategy

- a) How is 'big data' and/or the digital research component incorporated within the Department/Agency's Strategic/Corporate Plan?

Yarra Valley Water has a Digital Strategy which was approved by the Board in June 2015. To date Yarra Valley Water has had no business need for big data but it is expected that it will be addressed in the Information Technology Strategic Plan due for completion by June 2018.

- b) Does the Department/Agency have a dedicated digital research strategy? If yes, please provide a copy of this to the Committee.

Digital Research is not a specific strategy at Yarra Valley Water although we do have a Digital Strategy and a vision to be a Digital Utility.

Question 36 (All departments and entities) Department/Agency use of the DataVic Access

- a) What have been the challenges the Department/Agency has found in implementing the DataVic Access?

Yarra Valley Water is currently addressing how to fully implement the DataVic Access as part of the Yarra Valley Water Information Management Strategy.

- b) What have been the key risks the Department/Agency has identified in relation to DataVic Access and how have these been managed?

Finding the right balance between the benefits of open data, confidentiality and competitive advantage. Each dataset for release needs careful quality checking and preparation which takes time and resources.

- c) Who are the major beneficiaries of the data the Department/Agency has made available as a result of the DataVic Access policy?

Water Authorities, Local Government Councils, Land Developers, other utilities and the general public

d) The guidelines currently state that the benefits of the policy include:

- stimulating economic activity and driving innovation and new services to the community and business;
- increasing productivity and improving personal and business decision making based on improved access to data;
- improving research outcomes by enabling access to primary data to researchers in a range of disciplines; and
- improving the efficiency and effectiveness of government by encouraging better management practices and use of the data.⁴

Please provide three examples of how the Department/Agency have seen the benefits materialised.

The principal benefit has been improved business decision making through increased access to geospatial data by local government and land developers. The real benefits will come when other utilities such as gas and telecommunications release their data so that we can use technologies such as Augmented Reality in the field to see all suspected assets underground and prevent accidental damage of other utilities' assets.

e) What are the main future opportunities regarding the Department/Agency's data that have not been realised to date?

Release of other data sets that may be of interest to other companies, utilities, government authorities, researchers and the public. We are looking at releasing our burst and planned maintenance works next, so that better planning in relation to other utilities could occur. For example, they can see where we are planning on working and share some project costs e.g. Only doing a single road excavation when replacing gas and water mains in aging areas.

Question 37 (All departments and entities) Department/Agency arrangements for data access

a) What accountability arrangements are in place within the Department/Agency for implementing DataVic Access?

The following accountability arrangements are in place to ensure the availability and quality of data.

- Information Technology Division is responsible to ensure the system access availability.
- Network Intelligence Division is responsible for developing long term data strategy (quality and reliability).
- Asset Information Division is responsible for managing day to day data implementation and modifications.

⁴Department of Treasury and Finance, *DataVic Access Policy Guidelines for the Victorian Public Sector* (2015), p.1

b) Has the Department/Agency established an Information Management Governance Committee (IMGC)?

Not yet but a recommendation has been put forward to establish a governance committee.

c) Does the Department/Agency have an information asset register?

Yes

d) How regularly is the information asset register reviewed and updated?

Annually

e) Please describe the main types of information assets that are logged on the Department/Agency's register.

Geospatial data including water fittings; water hydrants; water pipes; water storages; water structures; water valves; Non-drinking water (NDW) fittings; NDW hydrants; NDW pipes; NDW storages; NDW structures; NDW valves; sewer access points; sewer fittings; sewer pipes; sewer structures.

Question 38 (All departments and entities) Use of DataVic website

a) How many and which data sets did the Department/Agency make available on the DataVic website in 2015-16 and 2016-17?

One on 26 June 2017

b) To what extent does the Department/Agency comply with the format guidelines set out in DataVic Access?

Yarra Valley Water complies with all the guidelines as set by DataVic Access by ensuring it is in an open standard, updated daily, discoverable and does not restrict the provision of data.

- c) Please list the datasets held by the Department/Agency that have been given approved commercialisation authorisation by the Minister for Finance. Please explain why they have been approved for commercialisation. What are the typical costs associated with accessing these datasets?

Not applicable

- d) How many requests has the Department/Agency received via the 'suggest a dataset' function on the DataVic website in 2015-16 and 2017-18?

Nil

- e) How many of these requests were successfully actioned in 2015-16 and 2016-17?

Not applicable

- f) How many datasets that were compiled by the Department/Agency as a result of a successful FOI application were subsequently made available on the DataVic website in 2015-16 and 2016-17?

Not applicable

- g) How many datasets that were compiled by the Department/Agency as a result of a successful FOI application were not made available on the DataVic website in 2015-16 and 2016-17 and what were the reasons for this?

Not applicable

SECTION I: Treasury Corporation of Victoria

Question 39 (TCV only) Dividends

This question does not apply to your agency.

Question 40 (TCV only) Commodity risk management

This question does not apply to your agency.

Question 41 (TCV only) Foreign exchange risk management

This question does not apply to your agency.

Question 42 (TCV only) Public Private Partnership (PPP) projects

This question does not apply to your agency.

Question 43 (TCV only) Green Bonds

This question does not apply to your agency.