



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

**2015-16 FINANCIAL AND PERFORMANCE OUTCOMES
GENERAL QUESTIONNAIRE**

MELBOURNE WATER CORPORATION

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 (Department of Treasury and Finance only) Revenue certification

This question does not apply to your agency.

SECTION B: Asset investment (departments only)

Question 4 Details of actual investment and variance against budget – current projects

This question does not apply to your agency.

Question 5 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 Major Projects Victoria and high-value high-risk projects

This question does not apply to your agency.

Question 7 PPP expenditure and line items

This question does not apply to your agency.

Question 8 Net cash flows from investments in financial assets for policy purposes – GGS

This question does not apply to your agency.

Question 9 Net cash flows from investments in financial assets for policy purposes – SoV

This question does not apply to your agency.

Question 10 (Department of Treasury and Finance only) Purchases of non-financial assets – government purpose classification

This question does not apply to your agency.

SECTION B: Asset investment (non-departments only)**Question 11 Details of actual investment and variance against budget for projects**

Please provide the following details for any asset investment project where actual expenditure in 2015-16 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.

Project	Estimated expenditure in 2015-16* (2015-16 budget papers) (\$ million)	Actual expenditure in 2015-16 (\$ million)	Explanation for variance	Estimated financial completion date in 2015-16 budget papers	Estimated financial completion date in 2016-17 budget papers	Explanation for any changes to the estimated financial completion date
Eastern Treatment Plant Projects	70.3	50.3	Variance due to/result of: <ul style="list-style-type: none"> - Aeration Blower-Renewal and Replacement Parent Project (\$5.8 million) and Stage 3 of the Blowers Growth and Renewal Project (\$3 million) being delayed to facilitate bundling of two projects for efficiencies - Odour Reduction Stage 3 (\$3.8 million) being rescheduled - OPS Pump Drive Upgrade (\$3.8 million) saving \$3 million through a competitive tendering process and project bundling - A slower than initially planned expenditure for the HV Substation Renewals (\$3.2 million) bundling project - Alan Bird Drive (\$2.5 million) re-phasing to 2016-17 due to delays in Functional Requirement development and design completion 	Ongoing	Ongoing	Not applicable as this is a rolling program of works under the banner of one single large parent project.
Waterways Drainage and Flood Protection Projects	84.6	57.5	Variance due to/result of: <ul style="list-style-type: none"> - Acacia Street Drain Flood Mitigation Works (\$4.1 million) tendering process realising significant project savings - Prospect Hill Retarding Basin (\$2.5 million) and Fussell Rd Retarding Basin (\$2.4 million) Construction being completed in 2015-16 with overall project savings 	Ongoing	Ongoing	Not applicable as this is a rolling program of works under the banner of one single large parent project.

			<ul style="list-style-type: none"> - Colchester Road Retarding Basin (\$2.4 million) experiencing a delay in the finalisation of statutory planning requirements prior to construction starting - Patterson Lakes Tidal Canals Allocation (\$2.4 million) having a cathodic protection retaining wall project that experienced delays due to the planning and prioritisation of other projects - Tooronga Road and Creswick's (\$2 million) re-phasing following additional design development and investigative work required - Aberfeldie Main Drain (\$1.9 million) having reduced costs driven by lower project management costs 			Note: The Colchester Road Retarding Basin sub-project has now been cancelled after detailed risk assessment and stakeholder engagement.
Sewerage Transfer Projects	55.3	43.1	<p>Variance due to/result of:</p> <ul style="list-style-type: none"> - Merri Creek Rehabilitation (\$4.7 million) recording a lower expenditure for 2015-16 after a longer than initially planned project design, tender and approval process and delays in obtaining planning permits and licences from Moreland and Darebin City Councils. - Brooklyn Trunk Sewer (\$4.1 million) recording a lower expenditure for 2015-16 following delays with the service provider commencing works. - Ringwood Sewerage Strategy's (\$4.0 million) forecast re-phase. - North Drop Structure Corrosion's (\$2.1 million) re-phasing based on foreseeable activity this financial year. 	Ongoing	Ongoing	Not applicable as this is a rolling program of works under the banner of one single large parent project.
Land Development Projects	67.6	77.9	Land development activity was greater than forecasted at the beginning of the year.	Ongoing	Ongoing	Not applicable as this is a rolling program of works under the banner of one single large parent project.

* Estimated expenditure in 2015-16 for the above projects is consistent with the totals reported in 2015-16 Budget Paper No. 4 (State Capital Program). However, as the Budget Papers reported all sub-projects with a TEI of less than \$1 million as a separate line item, there will be slight variances to the estimated expenditure reported above.

Question 12 Details of actual investment and variance against budget for entities

Please detail the initial budget estimates (**not** the revised estimate) for 'purchases of non-financial assets' for 2015-16 (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 estimates for departments are listed in Department of Treasury and Finance, *Budget Paper No.5: 2015-16 Statement of Finances* (2015), p.40

Initial budget estimate for 2015-16 (\$ million)	Actual for 2015-16 (\$ million)	Explanation for variances greater than ± 10 per cent or \$100 million
496.4	420.1	Variance of \$49 million is explained in Question 11 with the remaining variance of \$27.3 million (5.5%) being less than ± 10 per cent or \$100 million.

SECTION C: Revenue and appropriations

Question 13 (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 2014-15 and the actual result for 2015-16 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 2015-16 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	2014-15 actual (\$ million)	2015-16 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	876.2	964.2	Higher water demand volumes and prices for 2015/16 compared to 2014/15 resulting in higher revenue for the business.	Additional revenue used to pay tax and repay borrowings, including from the State Government (capital repatriation).

Question 14 (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 2015-16 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 2015-16 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	2015-16 budget estimate (\$ million)	2015-16 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Actions taken in response
Water	882.1	964.2	Higher water demand volumes for 2015/16 resulting in higher revenue for the business.	Fewer new borrowings were required as additional revenue resulted in a higher cash holding.
Other Income	114.2	197.4	Net effect of an increase in developer contributions during FY 2015-16.	Fewer new borrowings were required as additional revenue resulted in a higher cash holding.

Question 15 (departments only)

This question does not apply to your agency.

Question 16 Revenue from trust accounts passed to other bodies (departments only)

This question does not apply to your agency.

Question 17 (Department of Treasury and Finance only) Revenue initiatives

This question does not apply to your agency.

SECTION D: Expenses

Question 18 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 2015-16 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	2014-15 actual (\$ million)	2015-16 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Repairs and Maintenance	74.1	63.3	The decrease in repairs and maintenance expenses is mainly due to bringing waterways maintenance activities in-house.	Reduced expenses are offset by labour costs due to the previously outsourced waterways maintenance activities being brought in-house with the hiring of approx. 100 new maintenance personnel.
Other Expenses (excluding income tax expense)	89.3	60.7	Main reasons for decrease are due to the following: <ul style="list-style-type: none"> - Decrease in assets transferred to councils; and - Decrease of written off assets during the period. 	The number of surplus assets transferred to city councils will vary yearly and agreements can take time to finalise, leading to variances.

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

Question 19 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 2015-16 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 2015-16 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	2015-16 budget estimate (\$ million)	2015-16 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Operational Expenses	234.6	206.8	Variance due to Organisational Effectiveness initiatives being classified in other expense categories.	No impact as savings were found in other areas – e.g. under Employee Benefits Expenses.
Employee Benefits Expenses	91.5	115.6	Higher labour costs due to insourcing of the Waterways Delivery Team and previously anticipated savings from the Organisational Effectiveness initiatives being realised within other expenditure categories rather than in labour.	No outcome achieved due to the above reason.
Repairs and Maintenance	85.2	63.3	Variance in repairs and maintenance expenses mainly due to transferring of waterways maintenance activities in house.	Reduced expenses are offset by labour costs due to the previously outsourced waterways maintenance activities being brought in-house with the hiring of approx. 100 new maintenance personnel.

Question 20 (departments only) Expenditure reduction targets

This question does not apply to your agency.

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

Question 21 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 2015-16:

Not applicable.

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

Not applicable for 2015-16. During 2014-15, Melbourne Water changed delivery arrangements for waterways maintenance and minor capital works by bringing this function in-house.

Question 22 (departments only) Achievement of reprioritisation of existing resources

This question does not apply to your agency.

Question 23 (Department of Treasury and Finance only) Expenses by government purpose classifications

This question does not apply to your agency.

Question 24 (PNFC and PFC entities only) Dividends paid to the general government sector

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 variances greater than ±10 per cent or \$100 million	Impact of changes to dividends on the agency
0	94.5	21.5	Dividend calculated based on DTF's formula - 65% of Net Profit Before Tax being paid out as cash to government (Dividend and Tax). No dividend was paid in 2015-16.	A capital repatriation (equity reduction) was repaid to the State Government in 2015-16 as requested by DTF, of approximately \$27.8 million.

SECTION E: Public sector workforce**Question 25 Full-time equivalent staff by level**

Please fully complete the table below, providing actual FTE staff numbers at 30 June 2016, at 30 June 2015 and 30 June 2016 (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 2014 (Actual FTE number)	30 June 2015 (Actual FTE number)	30 June 2016 (Actual FTE number)
Enterprise Agreement	516.29	603.25	629.53
Senior Manager	236.70	239.90	272.52
Executive	59.20	56.35	56.95
VPS Grades 1-3	-	-	-
VPS Grade 4	-	-	-
VPS Grades 5-6 and STS	-	-	-
EO	-	-	-
Other	-	-	-
Total of all staff (including non-VPS grades)	812.19	899.50	959.00

Question 26 FTE staff numbers by employment type

In the table below, please detail the salary costs for 2013-14, 2014-15 and 2015-16, 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 2013-14 (\$ million)	Gross salary 2014-15 (\$ million)	Gross salary 2015-16 (\$ million)	Explanation for any year-on-year variances greater than ± 10 per cent or \$100 million
Ongoing	77.3	81.4	93.4	Variance due to increased FTE over the year, primarily at senior management level and from salary increases tied to indexation.
Fixed-term	6.4	6.4	6.7	Not applicable.
Casual	0	0	0	Not applicable.
Total	83.7	87.8	100.1	

Question 27 Executive salary increases

Please detail the number of executives who received increases in their base remuneration in 2015-16, 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 2015-16	Reasons for these increases
0-3 per cent	55	Government Sector Executive Remuneration Panel increase.
3-5 per cent	0	Not applicable.
5-10 per cent	2	Review of position responsibilities / appointments into a new role.
10-15 per cent	2	Review of position responsibilities / appointments into a new role.
greater than 15 per cent	0	Not applicable.

Question 28 Enterprise bargain agreements (EBA)(Department of Treasury and Finance only)

This question does not apply to your agency.

SECTION F: Inter-sector flows**Question 29 (Department of Treasury and Finance only) Inter-sector flows**

This question does not apply to your agency.

SECTION G: Government decisions impacting on the finances

Question 30 Machinery-of-government changes

- (a) Please detail the final costs incurred in the following categories as a result of machinery-of-government changes. Also provide a description of any relevant machinery-of-government changes during 2015-16.

	Final costs as a result of machinery-of-government-changes (\$ million)
Consultants and contractors (including legal advice)	Not applicable
Relocation	Not applicable
Telephony	Not applicable
IT and records management	Not applicable
Rebranding	Not applicable
Furniture and fit-out	Not applicable
Other	Not applicable

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

Not applicable.

- (c) Please identify any benefits achieved during 2015-16 as a result of machinery-of-government changes, quantifying the benefits where possible.

Not applicable.

- (d) Please provide a description of any relevant machinery-of-government changes during 2015-16

Not applicable.

Question 31 Commonwealth Government decisions

Please identify any Commonwealth Government decisions during 2015-16 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 2015-16	
	on income (\$ million)	on expenses (\$ million)
Not applicable	-	-

Question 32 COAG decisions

Please identify any COAG decisions during 2015-16 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 2015-16	
	on income (\$ million)	on expenses (\$ million)
Not applicable	-	-

SECTION H: Fiscal and financial management strategies (Department of Treasury and Finance only)**Question 33 Financial measures**

This question does not apply to your agency.

Question 34 Long-term financial management objectives

This question does not apply to your agency.

SECTION I: Economic environment

Question 35 (Department of Treasury and Finance only) Economic variables

This question does not apply to your agency.

Question 36 (Department of Treasury and Finance only) Actual impact on GGS of variances in economic variables

This question does not apply to your agency.

Question 37 (Department of Treasury and Finance only) Impact on PFC net result of variances in economic variables

This question does not apply to your agency.

Question 38 (Department of Treasury and Finance only) Impact on PNFC net result of variances in economic variables

This question does not apply to your agency.

Question 39 (all entities) Effects of variances in economic variables

Please identify any key economic variables for which there were variances in 2015-16 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 2015-16	Actual result in 2015-16	Impact of the variance on budget outcomes	Impact of the variance on service delivery
Not applicable	-	-	-