



PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

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

BARWON REGION WATER CORPORATION

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

This question does not apply to your agency.

Question 2 (departments only)

This question does not apply to your agency.

Question 3 (Department of Treasury and Finance only)

This question does not apply to your agency.

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

This question does not apply to your agency.

Question 5

This question does not apply to your agency.

Question 6

This question does not apply to your agency.

Question 7

This question does not apply to your agency.

Question 8

This question does not apply to your agency.

Question 9 (Department of Treasury and Finance only)

This question does not apply to your agency.

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

Please provide the following details for any asset investment project where actual expenditure in 2013-14 or 2014-15 varied by \$±10 million or more from the initial budget estimate at the start of the relevant year (**not** the revised estimate).

If there were no asset investment projects for your agency where the actual expenditure varied by \$±10 million or more from the budget estimate, you do not need to answer this question. If this is the case, please indicate 'no relevant projects' in the table(s) below.

(a) in 2013-14

Project	Estimated expenditure in 2013-14 (2013-14 budget papers) (\$ million)	Actual expenditure in 2013-14 (\$ million)	Explanation for variance	Estimated financial completion date in 2013-14 budget papers	Estimated financial completion date in 2014-15 budget papers	Explanation for any changes to the estimated financial completion date
Barwon Water did not have any asset investment project where actual expenditure in 2013-14 varied by \$±10 million or more from the budget estimate.						

(b) in 2014-15

Project	Estimated expenditure in 2014-15 (2014-15 budget papers) (\$ million)	Actual expenditure in 2014-15 (\$ million)	Explanation for variance	Estimated financial completion date in 2014-15 budget papers	Estimated financial completion date in 2015-16 budget papers	Explanation for any changes to the estimated financial completion date
Barwon Water did not have any asset investment project where actual expenditure in 2014-15 varied by \$±10 million or more from the budget estimate.						

Question 11

Please detail the initial budget estimates (**not** the revised estimate) for 'purchases of non-financial assets' for 2013-14 and 2014-15 (or equivalent line items in the cash flow statements) for your entity, the actual amounts of those line item in your annual reports and an explanation for any variances greater than ± 10 per cent or \$100 million.

Initial budget estimate for 2013-14 (\$ million)	Actual for 2013-14 (\$ million)	Explanation for any variance greater than ± 10 per cent or \$100 million
101.12	100.66	As the variance is less than 10 per cent, no explanation is required.

Initial budget estimate for 2014-15 (\$ million)	Actual for 2014-15 (\$ million)	Explanation for any variance greater than ± 10 per cent or \$100 million
72.20	64.63	There were various projects that had actual spend less than budget for the 2014-15 financial year, with the main reasons being favourable tendered prices received, efficiencies achieved on projects and project timing modifications which pushed expenditure into the 2015-16 financial year.

SECTION C: Revenue and appropriations

Question 12

Please explain any variances greater than ± 10 per cent or \$100 million between the prior year's actual result and the actual result for 2013-14 and 2014-15 for each revenue/income category detailed in your operating statement. Please also indicate what any additional revenue was used for or how any reduced amounts of revenue impacted on service delivery.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no revenue/income categories for your department/agency for which the 2013-14 and 2014-15 expenditure varied from the prior year's expenditure by more than ± 10 per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

Revenue category	2012-13 actual (\$ million)	2013-14 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	How the additional revenue was used/the impact of reduced revenue
Tradewaste charges	4.79	6.46	The variance relates to the first full year of operation of the Northern Water Plant (at Shell) in 2013-14.	Increase in chemical, electricity and other costs at the Northern Water Plant.
Government contributions	0.58	0.27	The variance relates to a reduced amount of government grants received for the 2013-14 financial year.	Minimal impact.
Non-Government contributions	28.19	20.61	The variance relates to the final contributions received from Shell towards the Northern Water Plant in 2012-13, along with reductions in developer constructed Gifted Assets.	The Shell contributions offset capital expenditure on the Northern Water Plant and Gifted Assets are non-cash.
Interest	0.34	0.13	Lower cash holdings through the year resulted in a reduced amount of interest revenue.	Minimal impact.
Other revenue	0.64	0.73	The variance relates to an increase in rental income received.	Minimal impact.
Net gain/(loss) on disposal of non-financial assets	(2.84)	(1.24)	Due to a policy change regarding the trade-in timing of fleet vehicles, the number of fleet vehicle changeovers were significantly reduced.	Minimal impact.

Revenue category	2013-14 actual (\$ million)	2014-15 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	How the additional revenue was used/the impact of reduced revenue
Government contributions	0.27	0.13	The variance relates to a reduced amount of government grants received for the 2014-15 financial year.	Minimal impact.
Non-Government contributions	20.61	29.22	The variance relates to customer contributions towards the Golden Plains Food precinct in 2014-15, along with increased developer constructed Gifted Assets recorded.	The Golden Plains Food precinct revenue offsets capital expenditure, Gifted Assets are non-cash.
Interest	0.13	0.30	Higher cash holdings through the year have resulted in increased interest revenue.	Minimal impact.

Question 13

Please explain any variances greater than ± 10 per cent or \$100 million between the initial budget estimate (**not** the revised estimate) and the actual result for 2013-14 and 2014-15 for each revenue/income category detailed in your operating statement. Please also identify any actions taken in response to the variations, either to mitigate or take advantage of the impact.

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no revenue/income categories for your department/agency for which the 2013-14 and 2014-15 expenditure varied from the initial budget estimate by more than ± 10 per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

Revenue category	2013-14 budget estimate (\$ million)	2013-14 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Actions taken in response
Government contributions	0.08	0.27	The variance relates to higher than anticipated government contributions.	Minimal impact.
Other	4.19	5.59	The variance relates to higher than anticipated activity in the following areas: portable fire hydrants, class C recycled	Minimal impact

			water and supply and installation of meters.	
Interest	0.10	0.13	The variance relates to higher than anticipated interest payments.	Minimal impact.

Revenue category	2014-15 budget estimate (\$ million)	2014-15 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Actions taken in response
Government contributions	0.09	0.13	The variance relates to additional government contributions received during the 2014-15 financial year.	Minimal impact.
Other	11.84	5.33	The variance relates to higher than anticipated activity in the following areas: class C recycled water, supply and installation of meters and commercial meter testing.	The 2015-16 budget has been amended to reflect this variance.
Interest	0.10	0.30	The variance relates to higher than anticipated interest payments.	Minimal impact.
Net gain/(loss) on disposal of non-financial assets	(0.80)	(1.26)	The variance primarily relates to unbudgeted land sales during the year.	A review has been undertaken for any land sales forecast in the 2015-16 budget.

Question 14 (departments only)

This question does not apply to your agency.

Question 15 (departments only)

This question does not apply to your agency.

Question 16

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

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

Trust account	Total payments from the account to bodies other than the Department, 2013-14 (\$ million)	Recipient of the payment	Purpose of the payment
Barwon Water did not hold any money's in Trust Accounts in the 2013-14 financial year.			

Trust account	Total payments from the account to bodies other than the Department, 2014-15 (\$ million)	Recipient of the payment	Purpose of the payment
Barwon Water did not hold any money's in Trust Accounts in the 2014-15 financial year.			

SECTION D: Expenses

Question 17

Please explain any variances greater than ± 10 per cent or \$100 million between the prior year's actual result and the actual result for 2013-14 and 2014-15 for each category of expenses detailed in your operating statement. Please also detail the outcomes in the community¹ achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no categories of expenses for your department/agency for which the 2013-14 and 2014-15 expenditure varied from the prior year's expenditure by more than ± 10 per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

Expenses category	2012-13 actual (\$ million)	2013-14 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Administration	8.09	12.97	The variance is mainly due to an increase in contractor costs.	Minimal impact.
Borrowing costs	34.29	38.80	Borrowing costs increased in line with increased borrowings.	Minimal impact.
Depreciation, amortisation and impairment	54.17	60.81	Depreciation increased in line with the capitalisation of completed projects	Minimal impact.
Employee benefits	41.04	36.51	The variance primarily relates to a reduction in staff costs associated with natural attrition and voluntary departure packages and the outsourcing of maintenance services to Programmed Facilities Management on 15 March 2014.	Minimal impact.

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

Environmental contribution	4.42	6.65	<p>In establishing the third tranche of the Environmental Contribution, the former Government decided to hold the level of contribution for 2012-13 financial year at the same levels as those of the second tranche (calculated with reference to a base year of 2006-07 water corporation revenues).</p> <p>This was done to prevent unforeseen impacts within the then five year pricing period (2008-2012).</p> <p>The contribution subsequently increased as the base year was updated to 2010-11 for the 2013-14, 2014-15, and 2015-16 years to coincide with a new pricing determination for the period 2013-2018.</p>	<p>Increased funding to promote the sustainable management of water or address water-related environmental impacts</p> <p>Impacts on customers were considered minimal.</p>
Bad and doubtful debts	0.10	0.30	Bad and doubtful debts provision maintained in line with the previous year with an increase in write offs during 2013-14.	Minimal impact.
Income Tax	8.79	3.18	Reduced earnings before tax resulted in reduced income tax due.	Nil impact.

Expenses category	2013-14 actual (\$ million)	2014-15 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Direct operating	30.73	36.73	As a result of outsourcing maintenance services, there was a slight increase in consultancy costs.	Minimal impact.
Administration	12.97	10.22	The variance is mainly due to a reduction in contractor costs.	Minimal impact.
Employee benefits	36.51	31.19	The variance primarily relates to a reduction in staff costs associated with natural attrition and voluntary departure packages and the outsourcing of maintenance services to Programmed Facilities Management on 15 March 2014 (a full year impact on labour).	Minimal impact.
Bad and doubtful debts	0.30	0.25	Bad and doubtful debts provision maintained inline with the previous year with a decrease in write offs during 2014-15.	Minimal impact

Income Tax	3.18	4.73	Reduced earnings before tax resulted in reduced income tax due.	Nil impact.
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Question 18

Please explain any variances greater than ± 10 per cent or \$100 million between the initial budget estimate (**not** the revised budget) and the actual result for 2013-14 and 2014-15 for each category of expenses detailed in your operating statement. Please also detail the outcomes in the community² achieved by any additional expenses or the impact on the community of reduced expenses (if there was no impact, please explain how that was achieved).

For departments, please provide data consolidated on the same basis as the budget portfolios outcomes statement in your annual reports.

If there were no categories of expenses for your department/agency for which the 2013-14 and 2014-15 expenditure varied from the initial budget estimate by more than ± 10 per cent or \$100 million, you do not need to answer this question. If this is the case, please indicate 'no relevant line items' in the table(s) below.

Expenses category	2013-14 budget estimate (\$ million)	2013-14 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Direct operating	35.02	30.73	The variance relates mainly to reduced electricity and material and chemical costs compared to budget.	Minimal impact.
Administration	9.10	12.97	The variance is mainly due to an increase in contractor costs.	Minimal impact.
Employee benefits	42.11	36.51	The variance primarily relates to a reduction in staff costs associated with natural attrition and voluntary departure packages and the outsourcing of maintenance services to Programmed Facilities Management on 15 March 2014.	Minimal impact.
Bad and doubtful debts	0.08	0.30	Higher bad debts written off compared to budget.	Minimal impact.

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

Income Tax	1.33	3.18	Reduced expenses before tax resulting in an increase in the tax expense.	Minimal impact.
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Expenses category	2014-15 budget estimate (\$ million)	2014-15 actual (\$ million)	Explanations for variances greater than ± 10 per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Administration	14.32	10.22	The variance is mainly due to savings in both contractors and consultants compared to budget.	Minimal impact.
Bad and doubtful debts	0.15	0.25	Higher bad debts written off compared to budget.	Minimal impact.
Income Tax	2.53	4.73	Reduced expenses and increased revenue resulting in an increase in the tax expense.	Minimal impact.

Question 19 (departments only)

This question does not apply to your agency.

Question 20

Please detail any changes to your department's/agency's service delivery as a result of expenditure reduction initiatives, e.g. changes to the timing and scope of specific programs or discontinued programs:

(a) in 2013-14

No changes to service delivery as a result of expenditure reduction initiatives.

(b) in 2014-15

No changes to service delivery as a result of expenditure reduction initiatives.

Question 21 (departments only)

This question does not apply to your agency.

Question 22 (Department of Treasury and Finance only)

This question does not apply to your agency.

Question 23 (PNFC and PFC entities only)

Please detail the value of dividends paid by your agency to the general government sector over the last three years, explaining the reasons for any significant changes over that period and the impact of any changes on the agency.

Total dividends paid in 2012-13 (\$ million)	Total dividends paid in 2013-14 (\$ million)	Total dividends paid in 2014-15 (\$ million)	Explanation for any variance greater than ± 10 per cent or \$100 million	Impact of changes to dividends on the agency
0	0	0		

SECTION E: Public sector workforce

Question 24

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

Level	Total FTE (30 June 2013)	Total FTE (30 June 2014)	Total FTE (30 June 2015)	Explanation for changes
VPS Grades 1-3				Barwon Water does not employ staff according to the VPS grade structure.
VPS Grade 4				
VPS Grades 5-6 and STS				
EO				
Other				
Total of all staff (including non-VPS grades)	393.83	302.99	299.84	

Question 25

In the table below, please detail the salary costs for 2012-13, 2013-14 and 2014-15, broken down by ongoing, fixed-term and casual, and explain any variances greater than ± 10 per cent or \$100 million between the years for each category.

Employment category	Gross salary 2012-13 (\$ million)	Gross salary 2013-14 (\$ million)	Gross salary 2014-15 (\$ million)	Explanation for any year-on-year variances greater than ± 10 per cent or \$100 million
Ongoing	38.817	35.218	30.156	The variance between 2012-13 and 2013-14 is consistent with the reduction in FTE between the two years. In 2013-14, stage 2 and 3 VDP's were taken up, along with staff transferred from Barwon Water to Programmed Facilities Maintenance (PFM) for the outsourced maintenance contract.
Fixed-term	1.701	1.127	0.905	The new billing system project commenced part way through 2011-12 requiring some fixed term coverage. Increased cost in 2012-13 as full year coverage was required. This has reduced gradually as the project phases have been completed.
Casual	0.201	0.163	0.123	Reductions caused by both reductions in FTE across the business as well

				as transfer of some casual staff to full time.
Total	40.719	36.507	31.184	Staff reduction over the years associated with natural attrition and voluntary departure packages. Maintenance services were also outsourced to Programmed Facilities Management in March 2014.

Question 26

Please detail the number of executives who received increases in their base remuneration in 2013-14 and 2014-15, breaking that information down according to what proportion of their salary the increase was, and explaining the reasons for executives' salaries increasing in each bracket.

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount in 2013-14	Reasons for these increases
0-3 per cent	13	Annual remuneration reviews as per executive contracts of employment. Increases comply with State Government Public Sector executive remuneration policy and guideline increase directives.
3-5 per cent		
5-10 per cent	2	Appointed to new role/position. Job scores re-assessed to reflect changed or additional duties and/or responsibilities.
10-15 per cent		
greater than 15 per cent		

Increase in base remuneration	Number of executives receiving increases in their base rate of remuneration of this amount in 2014-15	Reasons for these increases
0-3 per cent	16	Annual remuneration reviews as per executive contracts of employment. Increases comply with State Government Public Sector executive remuneration policy and guideline increase directives.
3-5 per cent		
5-10 per cent	1	Remuneration package increase applied to redress remuneration parity issues within senior executive team.
10-15 per cent		
greater than 15 per cent		

SECTION F: Inter-sector flows

Question 27 (Department of Treasury and Finance only)

This question does not apply to your agency.

SECTION G: Government decisions impacting on the finances

Question 28

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

	(\$ million)
Consultants and contractors (including legal advice)	0
Relocation	0
Telephony	0
IT and records management	0
Rebranding	0
Furniture and fit-out	0
Other	0

(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 2014-15 as a result of machinery-of-government changes, quantifying the benefits where possible.

Not applicable

Question 29

Please identify any Commonwealth Government decisions during 2013-14 or 2014-15 which had not been anticipated in the State budget but which impacted on your entity’s finances or activities during those years (including new funding agreements, discontinued agreements and changes to funding levels). Please quantify the impact on income and expenses where possible.

Commonwealth Government decision	Impact in 2013-14		Impact in 2014-15	
	on income (\$ million)	on expenses (\$ million)	on income (\$ million)	on expenses (\$ million)
Not applicable				

Question 30

Please identify any COAG decisions during 2013-14 or 2014-15 which had not been anticipated in the State budget but which impacted on your entity’s finances or activities during those years (including new funding agreements, discontinued agreements and changes to agreements). Please quantify the impact on income and expenses where possible.

COAG decision	Impact in 2013-14		Impact in 2014-15	
	on income (\$ million)	on expenses (\$ million)	on income (\$ million)	on expenses (\$ million)
Not applicable				

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

Question 31

This question does not apply to your agency.

Question 32

This question does not apply to your agency.

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

This question does not apply to your agency.

Question 34 (Department of Treasury and Finance only)

This question does not apply to your agency.

Question 35 (Department of Treasury and Finance only)

This question does not apply to your agency.

Question 36 (Department of Treasury and Finance only)

This question does not apply to your agency.

Question 37

Please identify any key economic variables for which there were variances in 2013-14 and 2014-15 between what was estimated in the initial budget for each year (**not** the revised estimate) and what actually occurred which had a significant impact on your department's/agency's finances, service delivery or asset investment. For each variance, please indicate:

- (a) what had been expected at budget time
- (b) what actually occurred
- (c) how the variance impacted on the budget outcomes (quantifying the impact where possible)
- (d) what decisions were made in response (including changes to service delivery, asset investment, borrowings etc.).

Expected economic result in 2013-14	Actual result in 2013-14	Impact of the variance on budget outcomes	Decisions made in response
Not applicable			

Expected economic result in 2014-15	Actual result in 2014-15	Impact of the variance on budget outcomes	Impact of the variance on service delivery
Not applicable			

SECTION J: Previous recommendations

Question 38 (departments only)

This question does not apply to your agency.