



## **PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE**

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

#### **COLIBAN REGIONAL 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
No relevant projects						

(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
No relevant projects						

### 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  $\pm 10$  per cent or \$100 million.

Initial budget estimate for 2013-14 (\$ million)	Actual for 2013-14 (\$ million)	Explanation for any variance greater than $\pm 10$ per cent or \$100 million
53.3	41.4	The variance primarily relates to delays in the following projects: Harcourt Rural Modernisation, Echuca West Land Development, Echuca Sewer Augmentation works and Bendigo Sawmill Road Sewer Pump Station.

Initial budget estimate for 2014-15 (\$ million)	Actual for 2014-15 (\$ million)	Explanation for any variance greater than $\pm 10$ per cent or \$100 million
44.9	27.8	<p>Major variances were a result of the following projects and programs:</p> <ul style="list-style-type: none"> <li>• Harcourt Modernisation – contractor issues have meant works on hold until new contracting arrangements are resolved. Anticipated end date now September 2016.</li> <li>• Various Water System booster disinfection projects – three sites were reassessed and no longer required to be completed and contractor delays also contributed to variance.</li> <li>• Sewer Pump Station renewals – investigations led to one site no longer having to be completed.</li> <li>• Augmentation plans – program put on hold in order to determine how new rules from Government would be dealt with. Program to recommence in line with new rules in 2015/16.</li> <li>• Wet Weather Storages – delays in design and planning work</li> </ul>

## SECTION C: Revenue and appropriations

### Question 12

Please explain any variances greater than  $\pm 10$  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  $\pm 10$  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 $\pm 10$ per cent or \$100 million	How the additional revenue was used/the impact of reduced revenue
Service Charges	49.4	61.2	Service charges are in line with the ESC Water Plan 2013-14 price determination. Service charge increased \$100.	Additional revenue allowed Coliban Water to rely less on borrowings to fund capital programs.
Usage Charges	36.2	40.9	The increase in usage charges are in line with the ESC Water Plan 2013-14 price determination, which includes: <ul style="list-style-type: none"> <li>abolishing step tariffs</li> <li>aligning residential and non-residential urban pricing</li> <li>Harmonising northern and central urban pricing zones over 7 years.</li> </ul> The variance is also inclusive of an increase in the sale of temporary water (\$3.3m).	Additional revenue allowed Coliban Water to rely less on borrowings to fund capital programs.

Revenue category	2013-14 actual (\$ million)	2014-15 actual (\$ million)	Explanations for variances greater than $\pm 10$ per cent or \$100 million	How the additional revenue was used/the impact of reduced revenue
Contributions and gifted assets	11.9	14.6	Reflective of an increase in developer installed works. This was the result of continued growth in the Bendigo, Castlemaine and Echuca regions.	Non cash item. Additional revenue improved overall result.

### Question 13

Please explain any variances greater than  $\pm 10$  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  $\pm 10$  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 $\pm 10$ per cent or \$100 million	Actions taken in response
Usage Charges	35.9	40.9	Usage charges are in line with the ESC Water Plan 2013-18 price determination, abolishing step charges. Further, average household water consumption totalled 188kl for the year compared to 167kl budgeted.	The 2014-15 Corporate Plan usage budget was set using revised average household water consumption levels, reflecting past usage trends.
Contributions and gifted assets	10.5	11.9	Reflective of continued growth in the Bendigo, Castlemaine and Echuca regions.	The 2014-15 Corporate Plan budgeted operating costs, including depreciation, were set taking into account the increase in additional assets.

<b>Revenue category</b>	<b>2014-15 budget estimate</b> <b>(\$ million)</b>	<b>2014-15 actual</b> <b>(\$ million)</b>	<b>Explanations for variances greater than ±10 per cent or \$100 million</b>	<b>Actions taken in response</b>
Usage Charges	38.0	44.8	Usage charges increased for the financial year due to average household water consumption reaching 191kl per connection against a budget of 177kl. Temporary water trading has contributed \$3.2 million to the overall result which is \$1.2 million above budget.	Temporary water sales were reviewed and adjusted accordingly in the 2015-16 Budget to reflect the future requirements of our storage systems.
Contributions and gifted assets	12.3	14.6	Reflective of an increase in developer installed works. This was the result of continued growth in the Bendigo, Castlemaine and Echuca regions.	2015-16 budgeted operating costs, including depreciation, were set taking into account the increase in additional assets.

**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.

<b>Trust account</b>	<b>Total payments from the account to bodies other than the Department, 2013-14</b> <b>(\$ million)</b>	<b>Recipient of the payment</b>	<b>Purpose of the payment</b>
NA	NA	NA	NA

<b>Trust account</b>	<b>Total payments from the account to bodies other than the Department, 2014-15</b> <b>(\$ million)</b>	<b>Recipient of the payment</b>	<b>Purpose of the payment</b>
NA	NA	NA	NA

## SECTION D: Expenses

### Question 17

Please explain any variances greater than  $\pm 10$  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 community<sup>1</sup> 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  $\pm 10$  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 $\pm 10$ per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Employee expenses	10.4	14.3	Variance is due to a full financial year of repatriated staff compared to prior year, which was accounted for in contracted services in 2012-13.	The repatriation of employees was part of the change in business model, as reflected in our increased FTE numbers, resulting in improved knowledge and skills being retained in the business. This increase in employee costs is offset by a reduction in contracted services costs.
Environmental Contribution	3.3	2.0	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)  This was done to prevent unforeseen impacts within the then five year pricing period (2008-2012).	Increased funding to promote the sustainable management of water or address water-related environmental impacts  Impacts on customers were considered minimal.

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

			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.	
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Expenses category	2013-14 actual (\$ million)	2014-15 actual (\$ million)	Explanations for variances greater than $\pm 10$ per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
None	NA	NA	NA	NA

### Question 18

Please explain any variances greater than  $\pm 10$  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 community<sup>2</sup> 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  $\pm 10$  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 $\pm 10$ per cent or \$100 million	Outcomes achieved by additional expenses/impact of reduced expenses
Net gain/(loss) on disposal of assets	0	-2.2	Asset disposals occurred that were not budgeted for.	Reduction in future depreciation expense and alignment to the Asset Management Plan requiring the disposal of assets due to obsolescence.

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

<b>Expenses category</b>	<b>2014-15 budget estimate</b> <b>(\$ million)</b>	<b>2014-15 actual</b> <b>(\$ million)</b>	<b>Explanations for variances greater than ±10 per cent or \$100 million</b>	<b>Outcomes achieved by additional expenses/impact of reduced expenses</b>
Net gain/(loss) on disposal of assets	0.2	-0.4	Additional assets were written off as part of asset condition assessments undertaken during the year.	Reduced future depreciation charges.

### **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

The service delivery standards have not been impacted by expenditure reductions.

(b) in 2014-15

The service delivery standards have not been impacted by expenditure reductions.

### **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 $\pm 10$ per cent or \$100 million	Impact of changes to dividends on the agency
0	0	0	NA	NA

**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	0	0	0	NA
VPS Grade 4	0	0	0	NA
VPS Grades 5-6	0	0	0	NA

and STS				
EO	0	0	0	NA
Other	170	188	195	
Total of all staff (including non-VPS grades)	170	188	195	Repatriation of employees in 2013-14 was part of the change in business model and a new strategic partner contract operating for the first year

### 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  $\pm 10$  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 $\pm 10$ per cent or \$100 million
Ongoing	9.5	12.3	13.4	Repatriation of employees in 2013-14 was part of the change in business model and a new strategic partner contract operating for the first year. 2014-15 consistent with increase in employee numbers. This increase in employee costs is offset by a reduction in contracted services costs.
Fixed-term	1.4	1.6	1.8	Strategic business decision to employee staff under a fixed term contract before offering an ongoing role if position is still required after a 12-24mth period.
Casual	0.3	0.2	0.1	Strategic business decision to lower the number of casual employees
<b>Total</b>	<b>11.2</b>	<b>14.1</b>	<b>15.3</b>	

**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.

<b>Increase in base remuneration</b>	<b>Number of executives receiving increases in their base rate of remuneration of this amount in 2013-14</b>	<b>Reasons for these increases</b>
0-3 per cent	7	In line with the Victorian Public Sector Commission. Increases are reviewed/approved by the remuneration committee annually.
3-5 per cent		
5-10 per cent		
10-15 per cent		
greater than 15 per cent		

<b>Increase in base remuneration</b>	<b>Number of executives receiving increases in their base rate of remuneration of this amount in 2014-15</b>	<b>Reasons for these increases</b>
0-3 per cent	6	Performance based salary increases. Reviewed/Approved by the Remuneration Committee annually.
3-5 per cent		
5-10 per cent		
10-15 per cent		

greater than 15 per cent		
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**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)	NA
Relocation	NA
Telephony	NA
IT and records management	NA
Rebranding	NA
Furniture and fit-out	NA
Other	NA

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

NA
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(c) Please identify any benefits achieved during 2014-15 as a result of machinery-of-government changes, quantifying the benefits where possible.

NA
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**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)
Carbon tax repeal	NA	NA	-0.1	-0.1

**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)
NA				

**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
NA	NA	NA	NA

**SECTION J: Previous recommendations**

**Question 38 (departments only)**

This question does not apply to your agency.