



MARCHMENT HILL

- consulting -

Identifying and Prioritising Cost Saving Opportunities for the Victorian Metropolitan Water Industry

the challenge

The Victorian Competition and Efficiency Commission (VCEC) had recently released its final report in relation to its review of the Victorian Water Industry. The Managing Directors of the metropolitan water corporations: South East Water, City West Water, Yarra Valley Water and Melbourne Water had previously engaged Marchment Hill Consulting to provide a project plan to address three VCEC recommendations. This previous engagement had confirmed the scope, approach and timeline to address VCEC's three broad recommendations in relation to achieving \$10 million per year in savings through shared services, streamlining of developer and plumber standards, and conducting a rolling program of benchmarking.

Marchment Hill was engaged to partially implement the first recommendation in relation to achievement of savings through shared services, and in particular to identify and prioritise potential 'quick wins' that could be realised within a six month period.

what Marchment Hill did

Marchment Hill surveyed the metropolitan water corporations to identify common categories of spend, the supplier, the nature of the activities, the resources and materials. A series of common categories of opportunity were rated according to ease of implementation, the cost of implementation and potential savings for each metropolitan water corporation. These ratings allowed us to divide the opportunities into 'quick wins', 'mid-term wins', or 'longer-term opportunities'.

engagement profile

Quick Wins and Mid-Term Wins Template

City West Water Melbourne Water SOUTH EAST WATER Yarra Valley Water

Spend Category Definition:

Water Business	Spend (\$AUD)	Supplier	Ease of Implementation	Cost of Implementation	Potential Saving (%)
City West Water					
Melbourne Water					
South East Water					
Yarra Valley Water					

High Level Action Plan

Action	Timing	Responsibility
1.		
2.		
3.		

MHC has provided all workshop participants with a workbook for documenting details of the discussion with respect to Quick Wins and Mid-Term Wins

Figure 1: ‘Quick Wins’ and ‘Mid-Term Wins’ Data Template

Data templates were completed across the four businesses to identify over twenty spend categories and were also used as the key inputs for the prioritisation process.

Marchment Hill then facilitated a workshop with select Executive Managers from each water corporation to obtain agreement and consensus on the nature of the ‘quick wins’ and ‘mid-term wins’ under consideration, and to develop high level implementation plans for delivery of the ‘quick wins’.

the benefit

The Managing Directors of South East Water, City West Water, Yarra Valley Water, and Melbourne Water were delivered a report that identified over \$2 million of potential ‘quick wins’ and ‘mid-term wins’ in the functional areas of Corporate, Asset Management, Sustainability, Customer Services and Field Services, and included a high level plan for the implementation of the ‘quick wins’.

South East Water, City West Water, Yarra Valley Water and Melbourne Water were able to move rapidly to planning the delivery of savings in their Corporate, Asset Management, Sustainability, Customer Services and Field Services areas.