

VICTORIAN ENVIRONMENTAL  
WATER HOLDER

# Annual Report

2018-19

# Our vision

**Water for healthy waterways,  
valued by communities.**

# Our values

**Collaboration. Integrity.  
Commitment. Initiative.**



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## SECTION ONE

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# Year in review

## 1.1 Chairperson and Chief Executive Officer Report

This annual report provides highlights of the 2018-19 Victorian environmental watering year, reports on the VEWH's performance against the *Corporate Plan 2018-19 to 2021-22* and provides a brief analysis of the VEWH's management of Victoria's environmental water entitlements in 2018-19.

Our vision is to have water for healthy waterways, valued by communities. To improve the environmental health of waterways we manage Victoria's environmental Water Holdings in collaboration with partners and communities.

Improving waterway health in Victoria requires a long-term commitment from government, communities and Traditional Owners, and environmental watering is only one of many management actions needed to achieve significant outcomes. We continued to build on these relationships in 2018-19 and coordinate our activities with waterway managers.

The Ranch Billabong watering program in Dimboola is one example of how working collaboratively with our partners brought culture, environment and community together to mark a significant occasion for the Barengi Gadjin Land Council (BGLC) and Wotjobaluk Traditional Owners. More can be read about this in our case studies in this report.


This year the VEWH made a small portion of its water allocation available for purchase in the northern Victorian water market, with proceeds from the sale committed to construction of the Koondrook Weir fishway to improve the effectiveness of watering actions to support fish populations in northern Victoria.

The management of Victoria's highly-modified rivers, wetlands and floodplains is affected by a highly variable and unpredictable climate. The VEWH has used trade and carryover as critical tools to prepare and manage for changes in environmental conditions and water availability. Despite it being a second consecutive dry year in 2018-19, environmental water availability for the VEWH and other environmental water holders in Victoria was relatively high due to strategic carryover of water for the environment from the previous year. This enabled the VEWH to deliver environmental flows to many priority sites across Victoria.

The end of this year saw new Commissioners being appointed. Chairperson Denis Flett and Deputy Chairperson Geoff Hocking retired, leaving a legacy of strong foundations for the organisation. As we enter into our ninth year, we will ensure delivery of water for the environment continues to be as efficient and effective as possible.

We affirm that the VEWH has complied with its legislative and financial requirements in 2018-19 and has delivered on outcomes against core and strategic programs. In accordance with the *Financial Management Act 1994*, we are pleased to present the Victorian Environmental Water Holder's Annual Report for the year ending 30 June 2019.

Chris Chesterfield



Chairperson  
Victorian Environmental  
Water Holder  
30 September 2019

Beth Ashworth



Co-Chief Executive Officer  
Victorian Environmental  
Water Holder  
30 September 2019

Sarina Loo



Co-Chief Executive officer  
Victorian Environmental  
Water Holder  
30 September 2019

## 1.2 About the VEWH

### Vision, mission and values

The VEWH is at the hub of a statewide partnership program which plans, manages, delivers and evaluates environmental water use. The VEWH is the only organisation in Victoria wholly dedicated to environmental water management.

#### Vision

*Water for healthy waterways, valued by communities.*

#### Organisation mission

**Our environment:** We work with program partners to preserve and improve the environmental values and health of water ecosystems across Victoria through robust decisions about water for the environment.

**Our communities:** We engage communities across Victoria about water for the environment and improve waterway uses that depend on environmental condition.

**Our culture:** We are aligned with our business direction, proud of our performance and own a culture centred on collaboration, integrity, commitment and initiative.

#### Values:

The VEWH's culture is fundamental to the way we deliver our work – collaboratively, with initiative, commitment and integrity.

### Manner of establishment and responsible Minister/s

The VEWH was established on 1 July 2011 through an amendment to the *Water Act 1989* (the Water Act) passed by the Victorian Parliament in August 2010. The VEWH is the independent statutory body responsible for holding and managing Victoria's environmental Water Holdings. The use of the Water Holdings for environmental watering is critical in ensuring Victoria's rivers, wetlands and floodplains continue to maintain and improve the environmental benefits that Victorians value. The responsible Minister during the reporting period was Hon Lisa Neville MP, Minister for Water.

### Objectives, functions, powers and duties

The VEWH's objectives, functions, statutory powers and obligations are mainly described in the Water Act. The overarching objectives of the VEWH described in section 33DC are to manage the Water Holdings for the purposes of:

- a. maintaining the environmental water reserve in accordance with the environmental reserve objective
- b. improving the environmental values of water ecosystems, including their biodiversity, ecological functioning and water quality, and other uses that depend on environmental condition.

The functions of the VEWH described in section 33DD of the Water Act are to:

- a. apply and use water in the Water Holdings and otherwise exercise rights in the Water Holdings in accordance with the Water Act
- b. acquire and purchase rights and entitlements for the Water Holdings and dispose of and otherwise deal in rights and entitlements in the Water Holdings in accordance with the Water Act
- c. plan for the purposes of paragraphs (a) and (b)



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- d. enter into any agreements for the purposes of paragraphs (a) and (b)
- e. enter into any agreements for the purposes of the co-ordination of the exercise of rights under any water right or entitlement held by another person, including the Commonwealth.

Furthermore, section 33DE of the Water Act states the VEWH has the power to do all things necessary or convenient to be done for, in connection with, or incidental to, the performance of its functions, powers and obligations.

### 1.3 Nature and range of services provided

The use of the Water Holdings for environmental watering is critical in ensuring that Victoria's rivers, wetlands and floodplains can continue to provide the environmental benefits communities value most. The VEWH is responsible for making decisions on the most effective use of the Water Holdings, to ensure water is used when and where it is most needed and delivered in the most efficient and effective way to achieve the best environmental outcomes for the state. The VEWH provides its services under each of its strategic programs: planning, managing, reporting, governance, relationships and learning.

#### **Collaboration is the key to environmental watering success**

Relationships are critical for the VEWH and the Victorian environmental watering program. To carry out its work the VEWH collaborates with a range of program partners to deliver water for the environment to sites across Victoria. Program partners have distinct roles and responsibilities that require partners to work together to achieve environmental watering outcomes, improve management and incorporate learnings. These partnerships are outlined in Figure 1.1.

Catchment management authorities (CMAs) and Melbourne Water (waterway managers) are the pivotal partners of the VEWH, undertaking the local planning and management of environmental water delivery. They liaise with storage managers (an independent function assigned to water corporations and the Murray-Darling Basin Authority (MDBA) for the benefits of all water entitlement holders) who are responsible for supplying environmental water, and land managers (Parks Victoria (PV), Traditional Owners (TOs), private land owners) and the Department of Environment, Land, Water and Planning (DELWP), who manage the sites to which water is applied. Waterway managers are also responsible for undertaking important complementary catchment and waterway management activities, critical to ensuring the success of the watering program.

The VEWH works closely with other water holders to ensure coordinated and effective use of the available environmental water resources, including the Commonwealth Environmental Water Holder (CEWH) who is supported by the Commonwealth Environmental Water Office (CEWO), the Murray-Darling Basin Authority (MDBA) through the Living Murray Program, and other states. System-scale coordination between all water holders is facilitated through the Southern Connected Basin Environmental Watering Committee (SCBEWC), convened by the MDBA, which was established to coordinate the delivery of environmental watering through the connected Murray system and oversee the use of environmental entitlements held under the Living Murray Program.

The VEWH also works closely with DELWP who oversee governance of water and catchment sector entities including the VEWH, oversee the water and catchment policy framework, and coordinate state-scale environmental flow monitoring and assessment programs.

Figure 1.1 Key partnerships and responsibilities





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During the delivery of water for the environment, more specific operational advisory groups are convened to track progress and adapt operations as needed. The VEWH continues to work collaboratively with other Victorian Government agencies to implement the Environmental Watering Plan of the *Murray-Darling Basin Plan*.

### Planning for the best environmental outcomes

As custodian of the Water Holdings, the VEWH carefully considers all of the potential environmental watering needs of rivers and wetlands across the state, as proposed by regional waterway managers. These proposals scope potential environmental watering actions (and associated environmental objectives) in a particular region for that year, considering lessons learned through previous environmental watering and new research.

The VEWH and its program partners also consider opportunities to use water for the environment to provide 'shared benefits' (that is, additional social, economic, Aboriginal cultural and recreational benefits) from the water use. For example, holding water in weirs at specific times to help support local rowing regattas or releasing water to coincide with a fishing event or cultural event. Where possible, the VEWH and its program partners incorporate such opportunities into watering decisions where they do not compromise environmental outcomes.

The VEWH collates and summarises the regional seasonal watering proposals into a seasonal watering plan, which previews all potential environmental watering across Victoria for the coming water year under a range of climate scenarios: drought, dry, average and wet to very wet. This is done to provide options depending on conditions and water availability during the year. The VEWH Commission then meets throughout the year to approve water for delivery in line with the plan.

As the year unfolds, many of the uncertainties associated with seasonal conditions, water availability and operational (delivery) context become clearer, informing decisions about the environmental watering actions that should proceed.

### Managing the water portfolio

As much as possible, the VEWH seeks to meet environmental water demands (and avoid water supply shortfalls) by implementing seasonally adaptive planning and efficient use of environmental water. This includes reuse of return flows and use of other water management tools such as carryover and trade. Other options, including working with storage managers to alter the timing and route for delivery of consumptive water, can also help to achieve environmental objectives efficiently without negatively impacting other water users.

Throughout the year, the VEWH assesses environmental water demand compared to available water supply. This includes considering factors such as environmental water demand in the current year (and the following year where known), potential operational opportunities and constraints, and current and forecast water availability and climate conditions.

The VEWH can carry over water for environmental watering demands in the following year or sell water on the market if this optimises outcomes. This could include trade-offs about forgoing watering actions to sell water allocation and use the resulting revenue for activities that result in better environmental outcomes in the short or longer term. Revenue resulting from trade can be invested in future environmental watering priorities, which could include:

- purchasing water to meet shortfalls in any Victorian system
- technical work to address key knowledge gaps and demonstrate outcomes from environmental watering
- small structural works to improve delivery efficiency
- other measures to improve the performance of Victoria's environmental watering program.



In the event of potential environmental water supply shortfalls, the VEWH considers whether other portfolio management options can help meet the demand. Specific options could include the transfer of water from an environmental entitlement in another system, purchasing water or using carryover to meet future demands. If these measures do not meet the shortfall, the VEWH, in collaboration with waterway managers (and other water holders if relevant), will prioritise which watering actions to meet.

The VEWH may prioritise between actions in a single river or wetland, between different river reaches or wetlands within the same system, and between rivers or wetlands in different systems or regions. Prioritisation decisions are influenced by many factors such as the previous watering history in a river or wetland, environmental or public risk considerations, or seasonal conditions in that region. These decisions can be extremely difficult, often involving trading off the potential risks of one adverse outcome compared to another.

In prioritising one environmental watering action or site over another, the VEWH always seeks to maximise environmental outcomes.

### **Engaging a diverse range of stakeholders**

Engaging environmental watering stakeholders, particularly those who also have a statewide role, is an important part of the VEWH's business. The VEWH aims to: increase public understanding of the Victorian environmental watering program; promote understanding of environmental watering decisions; and demonstrate effective management of the Water Holdings and improved environmental health. Community representatives and peak body organisations provide significant perspectives to guide us in this work.

The use of water is a key matter of public interest, which will only grow in importance as climate change progresses. Modelling predicts that streamflows could reduce by around 50 percent in some Victorian catchments by 2065. This has serious consequences for everyone – households, industry, agriculture, recreation, cultural values, liveability, waterway health, native plants and wildlife. Climate change will also bring more extreme events including drought, floods and heatwaves, which can increase human and environmental demand for water, and impact on productivity and infrastructure.

Over the past few years, scrutiny of the management and value of environmental watering has increased. The VEWH has responded by improving transparency around its decision-making and providing clearer, more accessible information about the rationale for and benefits of environmental watering.

Waterway managers engage local communities and a broad range of key stakeholders throughout all stages of the environmental water management cycle: when planning watering activities (and prioritising them at a regional level); delivering water for the environment; and then reporting on its benefits. In planning for environmental flows, the primary purpose is to optimise environmental benefits. Year by year and case by case, the VEWH and its partners consider opportunities raised by communities to use water for the environment to provide additional cultural, economic, recreational, social and Traditional Owner benefits. Where possible, these opportunities are incorporated into watering decisions, if they do not compromise environmental outcomes. The VEWH supports waterway managers with their local engagement in many ways, ranging from presenting at community meetings to providing tailored communication materials (such as website material, media stories, infographics, diagrams and videos) and providing direct support to partners to deliver targeted engagement projects.

The VEWH directly engages with key state-level stakeholders, informing, consulting and collaborating in matters relating to environmental watering. The VEWH aims to improve the inclusion of Aboriginal values and traditional ecological knowledge into water planning and has been working with some Traditional Owner groups on this.

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Some highlights of our engagement program this year included:

- Supporting Glenelg Hopkins CMA's *Community Monitoring of Platypus in the Glenelg River* project, where the CMA partnered with Budj Bim rangers to undertake a 2-year baseline survey of platypus distribution in the Glenelg River using eDNA monitoring techniques. The project has also included a range of events for students and local communities, which have encouraged community participation and built public awareness of the status of platypus in regulated reaches of the Glenelg.
- Continuing the strong partnership with BirdLife Australia, including supporting their *Citizen monitoring of bird response to environmental watering of Lake Cullen* project. In the two years since the project commenced, community volunteers trained through the project have recorded thousands of birds returning to the lake following the environmental watering event. In December 2018, BirdLife Australia published a feature article on the project in their quarterly magazine *Australian Birdlife*, educating birdwatchers across Australia about the benefits of environmental water.

Building on 2017-18's Aboriginal Water Week activities, and in alignment with Victorian policy directions, supporting Traditional Owners involvement in the planning, management and delivery of environmental water has been a key focus of engagement in 2018-19. In addition to working with our partners to support their work in this area, the VEWH has supported Traditional Owners directly through initiatives such as:

- Partnering with Wathaurung Aboriginal Corporation (Wadawurrung), Corangamite CMA, DELWP and Central Highlands Water to secure an additional 500ML of water that was delivered to the Moorabool River in May 2019. The flow, which was supplemented by Barwon Water who timed a drinking water release to increase the amount of flow in the river, filled refuge pools and linked habitats for native fish survival, while also preserving locations on the river that are culturally significant for meeting, ceremony and trade. The event was celebrated by Wadawurrung Traditional Owners, community and agency representatives, where the Wadawurrung Traditional Owners demonstrated how a hand-woven 'Buniya Binak' (eel trap) would have been used in the river by previous generations.
- Assisting a Taungurung Land and Waters Council initiative to use their water to achieve environmental outcomes in the King River (Ovens system) in June 2019, to contribute to healing Country. This watering event, which was facilitated by the VEWH, North East CMA and Goulburn Murray Water, is the first example of water owned by Traditional Owners in Victoria being used to deliver a dedicated environmental flow.
- Working with representatives of the Wurundjeri Woi Wurrung Cultural Heritage Aboriginal Corporation and Melbourne Water to progress the Wurundjeri Cultural Values Project. Multiple actions were delivered for the project, including on-Country conversations with elders and other Wurundjeri community members, and the inclusion of values identified through this process into the planning of environmental water deliveries for 2019-20.

Some communications products produced in 2018-19 include:

- The VEWH Facebook page ([www.facebook.com/VicEWH](http://www.facebook.com/VicEWH)). The aim of using Facebook as a communication tool for the VEWH is to share the VEWH and program partners' stories about the benefits of water for the environment.
- *Reflections: Water for the Environment in Victoria 2017-18*, which was launched by the Minister via a media release on 25 February 2019.
- The VEWH newsletter, which provides updates on engagement conducted by our local partners along with feature pieces providing information on key issues and areas of interest. As of June 2019, 490 individuals and organisations had subscribed to the newsletter, representing a diverse range of audiences, from environment managers and community groups to individual members of the community.

The VEWH provides information through a range of additional avenues including video, website, Twitter and printed material, as well as our annual publications – the seasonal watering plan, the annual watering booklet (*Reflections*), the corporate plan and this annual report.

## Case study:

### Ranch Billabong

Culture, environment and community came together to mark a significant occasion for the Barengi Gadjin Land Council (BGLC) and Wotjobaluk Traditional Owners, when the program for environmental watering at the Ranch Billabong in Dimboola began on 14 December 2018.

The Ranch Billabong area has been home to many generations of Wotjobaluk people, long before European settlement and increasingly after Ebenezer Mission at Antwerp closed. The cultural connection to the site remains and locals still recount family memories of time spent there.

From an environmental perspective the intent of the watering is to restore native plant and animal habitats, control invasive weeds and improve amenity. Ongoing monitoring will then inform future management of the site.

Culturally the aim is to preserve a place of cultural significance. A key objective is to increase and improve the abundance of 'Old Man Weed,' also known as 'Sneezeweed,' that is traditionally important to the Wotjobaluk Peoples for medicinal purposes.

VEWH Co-CEO Beth Ashworth said "It is great to be involved in something that is so culturally significant as well as providing environmental outcomes. A focus for the VEWB is to increase involvement of Traditional Owners in environmental watering, and this is one of many opportunities to progress that vision.

Environmental watering doesn't stop with one agency – it is a multi-partner commitment that relies on the collaboration and goodwill of multiple agencies, Traditional Owners and local communities."

Wimmera CMA has been working with the BGLC and Wotjobaluk Traditional Owners to better understand how management of water for the environment can better support Aboriginal aspirations, particularly around caring for Country and protecting important places such as Ranch Billabong.

[www.vevh.vic.gov.au/news-and-publications/stories/watering-of-ranch-billabong](http://www.vevh.vic.gov.au/news-and-publications/stories/watering-of-ranch-billabong)

## 1.4 Performance report (non-financial)

### Strategic performance indicators (non-financial)

Three strategic performance indicators were included as part of the *VEWH Corporate Plan 2018-19 to 2021-22*. Table 1.1 outlines the VEWB's performance against these indicators in 2018-19.

Table 1.1 Strategic performance against key indicators

Performance indicator	Target %	Achievement %
Water Act 1989, other legislative, Ministerial rules and Water Holdings obligations fulfilled on time	100	97
Core business outputs effectively delivered within committed timeframes	100	94
Strategic initiative outputs for the current financial year effectively delivered within committed timeframes	80	94



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For 2018-19, the VEWH achieved 97 percent for the performance indicator 'Water Act 1989, other legislative, Ministerial rules and Water Holdings obligations fulfilled on time' as shown in Table 1.1. The VEWH complied with all the relevant provisions in the Water Act, the *Public Administration Act 2004* and the *Financial Management Act 1994*. The VEWH also complied with the Ministerial rules that were made on 23 June 2014 under section 33DZA of the Water Act. In 2018-19 the Minister issued a letter of expectation and corporate plan guidelines for the 2019-20 VEWH corporate plan.

The VEWH did not meet all Water Holdings obligations, as some operating arrangements and a metering plan are yet to be completed. Operating arrangements for the Campaspe, Loddon and Bullarook systems were finalised during 2018-19 but need to be signed by all parties to the arrangements (VEWH, North Central CMA, Goulburn Murray Water and Coliban Water). Outstanding operating arrangements for the Goulburn and Murray systems are scheduled for completion in 2019-20. Operating arrangements and a metering plan are also required for the Barwon River system under the *Upper Barwon River Environmental Entitlement 2018*, which was created in April 2018.

In 2018-19, the Corporate Plan identified a total of 34 core business outputs and 18 strategic initiative outputs. The achievement for core business outputs for 2018-19 is 94 percent. Completion was delayed on four outputs due to resourcing constraints within the VEWH. Despite these constraints, strategic initiative outputs have been assessed at 94 percent complete. This significant achievement is well above the 80 percent target.

### Key VEWH initiatives and projects

Key tasks which contribute to the achievement of the VEWH's vision and continuous improvement of the core programs are captured as strategic initiative outputs in the *Corporate Plan 2018-19 to 2021-22*. Progress on these initiatives (listed in italics below) has been made.

#### **Strategic Initiative 1: Strengthening inclusion of Aboriginal people**

The *Seasonal Watering Plan 2019-20* includes improved recognition of Traditional Owners and cultural values associated with environmental watering objectives by providing Aboriginal waterway names with permission of Traditional Owners, explaining the level of engagement of relevant Traditional Owner groups, and identifying where Traditional Owners are involved in the planning and potential delivery of the watering actions. *Reflections* also now reports on Traditional Owner shared benefits. Some examples of specific activities are described on page 8.

#### **Strategic Initiative 2: Strengthening communication and engagement**

In 2018-19, to strengthen community and stakeholder understanding of water for the environment, a range of tools have been used. These include video, social media, website stories, media releases and an electronic newsletter that is delivered quarterly to program partners and those that have signed up to the newsletter via the website. We have also had newsletter content developed and published with key storage manager partners, and newsletter articles published by VR Fish. We have participated in engagement activities with partner agencies and interest groups. Our annual publication *Reflections* provides insight into how water for the environment has directly benefitted specific areas, and has allowed us to highlight these areas through our digital channels and via media releases in conjunction with the regional CMAs.

Findings of Victoria's first statewide market research into community knowledge and attitudes of environmental water to improve communication and engagement practices were incorporated into these activities. We have promoted the findings of the research through presentations at conferences and through industry newsletter articles.

#### **Strategic Initiative 3: Strengthening decision making**

In 2018-19, the VEWH completed the first stage of a project to develop a landscape-scale prioritisation approach to complement the existing regional site-based approach, initially for testing in the northern region. The second stage of the project is being refined in scope and will continue into 2019-20. The VEWH is supporting DELWP with a project that examines the risks that climate change poses and identifies adaptation strategies to optimise environmental watering outcomes.

The VEWH also worked with DELWP to prioritise strategic investment in complementary works and measures, and knowledge or capability projects to address impediments to environmental watering outcomes utilising the VEWH's revenue from sale of water allocation from previous years.

#### **Strategic Initiative 4: Strengthening governance and performance**

In 2018, DELWP commissioned the Victorian Public Sector Commission (VPSC) to review the VEWH's first seven years of operation. The review found that the VEWH is performing its core statutory functions well and is considered the leading and most innovative Water Holder in Australia. The VPSC made several recommendations to strengthen the VEWH. The VEWH has now completed or is in the process of making several changes in response to VPSC recommendations, including:

- clarifying roles and responsibilities between VEWH and DELWP in Victoria's environmental watering program
- improving alignment in financial planning and reporting formats
- providing input to DELWP on their policy development relating to service levels and charging arrangements.

In 2018-19, the *Victorian Government Outcomes Framework* and new corporate plan guidelines were implemented for the *Corporate Plan 2019-20*. This was a significant achievement for the VEWH and provided the opportunity to implement a refreshed approach to the VEWH's program and business planning structure.

### **Implementing the Seasonal Watering Plan**

Some highlights of the environmental watering program in 2018-19 include:

#### ***First time environmental watering***

- Environmental watering of the upper Barwon River under the newly-established *Upper Barwon River Environmental Entitlement 2018*.
- Delivery of 13 ML to the Ranch Billabong adjacent at Dimboola – a wetland adjacent to the Wimmera River that contains important environmental values and is a culturally significant site to the local Aboriginal community.

#### ***Outstanding environmental outcomes and major deliveries***

- The first confirmed record of Australian grayling in the Glenelg River in 122 years, and detection of fish such as tupong, estuary perch and black bream migrating hundreds of kilometres between fresh and saltwater habitats, on the back of improved river connectivity and environmental flows.
- Delivery of 51,800 ML of water for the environment to Gunbower Forest from mid-June 2018 to the end of October 2018 which inundated 4,500 ha of floodplain forest to improve the health and recovery of wetland plants, river red gum, black box and grey box communities from the Millennium Drought. The flows also supported many waterbird species to breed and successfully fledge their young.
- Increasing numbers of threatened bird species brolga at Gaynor Swamp – up to 20 brolga have been sighted at the wetland since environmental watering began there in 2018.

#### ***Coordination of environmental flows***

- Environmental flows in the Lindsay River, Murrumbidgee Creek were coordinated with NSW Department of Planning, Industry and Environment by raising and lowering of the locks 7 and 8 weir pools of the River Murray to support native fish to move, spawn and successfully recruit, as well as maintain wetland habitat for waterbirds, fish and aquatic plants in the River Murray and the waterways and wetlands of Lindsay and Mulcra islands.
- Simultaneous releases of water for the environment through Pyramid Creek and the Loddon River were made to attract Murray cod, golden perch and silver perch from the lower Loddon and Murray rivers to move upstream through Kerang Weir and the Box Creek regulator fishway at Kow Swamp.



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## *Adaptive management*

- Environmental watering that was originally planned to occur at Vinifera Floodplain in spring was postponed until autumn to allow the wetland to fully dry to eliminate carp and support better outcomes for aquatic vegetation when it was refilled in autumn.
- Prioritisation of autumn low flows in the Macalister River downstream of Maffra Weir to limit the impacts of extremely dry catchment conditions and reduced passing flows.

The *Seasonal Watering Plan 2018-19* identified 301 potential watering actions across Victoria that could be delivered under a range of planning scenarios. The number of watering actions delivered depends on seasonal and operational conditions that were experienced throughout the year. When planning to use water for the environment, the potential social, economic, Aboriginal cultural and community recreational benefits which could also arise from the water's use are considered. For example, the timing of a spring fresh in the Thomson River was provided over the Melbourne Cup weekend to benefit kayakers and canoeists.

More than 80 percent of potential watering actions identified in the *Seasonal Watering Plan 2018-19* were required in 2018-19 (i.e. 242 out of 301). The remaining 20 percent (i.e. 59 out of the 301) of potential watering actions were not required for the following reasons:

- Pre-requisite ecological or hydrological 'triggers' did not occur (affected 5 potential watering actions).
- Pre-requisite climatic conditions did not occur (affected 53 potential watering actions)
- Deemed unnecessary based on new ecological knowledge (affected 1 potential watering action).

Ninety-two percent (i.e. 223 out of 242) of watering actions that were required in 2018-19 were either fully<sup>1</sup> or partially<sup>2</sup> achieved (see figure 1.2).

Nineteen potential watering actions that were undertaken in 2018-19 did not achieve<sup>3</sup> either the hydrological or ecological planned outcomes for the following reasons:

- Watering could not take place due to impediments and other activities at the site, for example the construction of the Horseshoe Bend Tunnel fishway on the Thomson River meant that some potential watering actions were deferred
- The recommended magnitude, duration and frequency of some potential watering actions was substantially exceeded by operational water deliveries
- There was strong evidence that the proposed environmental flow would not fulfil the intended objectives
- Insufficient water for the environment was available.

Of the 223 watering actions that were fully or partially achieved, 168 (75 percent) watering actions relied on contribution of managed water for the environment. A drying phase was implemented at 24 sites (11 percent) where no water was required, and the remaining 31 (14 percent) watering actions were achieved through natural flows, unregulated flows or the delivery of consumptive water en route.

Figure 1.3 shows the number of potential watering actions since 2011-12, and the number that were fully or partially achieved either through deliveries of water for the environment, or natural flows, unregulated flows or the delivery of consumptive water en route.

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1. The flow pattern that occurred was consistent with the planned parameters for the watering action. There is high confidence that the environmental objective has been achieved.

2. The flow pattern that occurred was not entirely consistent with, but not materially different from, the planned parameters for the watering action. There is moderate confidence that the environmental objective has been achieved.

3. An action was not achieved if the target flow pattern did not occur or was materially different from the planned parameters for the watering action. There is low confidence that the environmental objective was achieved.

Figure 1.2 Achievement of watering actions undertaken in 2018-19

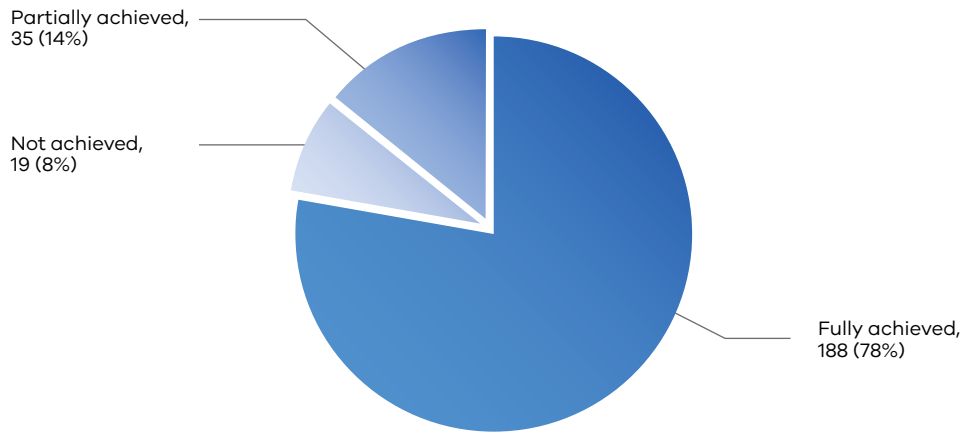
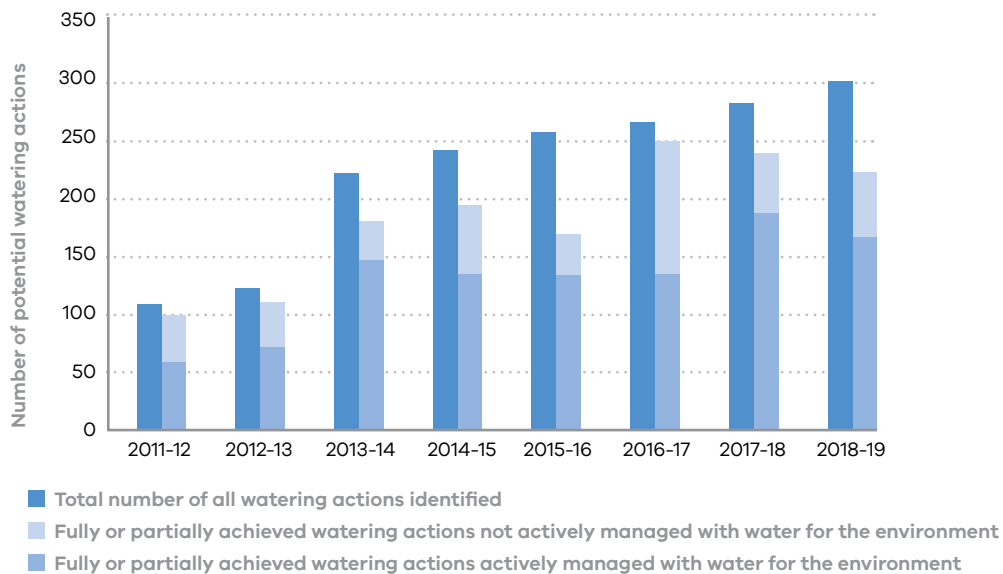


Figure 1.3 Potential watering actions identified and achievement of watering actions that were undertaken since 2011-12



The VEWH coordinated delivery of water for the environment to 90 river reaches<sup>1</sup> (across 38 waterways) and 78 wetlands giving a total of 168 sites across Victoria. The number of sites watered since the VEWH's inception is illustrated in Figure 1.4. The number of sites watered increased substantially in 2013-14 due to:

- an increase in the volume of water held in environmental entitlements
- increased availability of Commonwealth water for the environment
- infrastructure improvements that allowed delivery to a larger number of floodplain and wetland sites.

Since 2013-14, the number of sites watered each year has fluctuated due to climatic conditions, water availability and infrastructure improvements. The number of sites watered in 2018-19 was similar to 2017-18.

<sup>1</sup> Environmental flow river reach.

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Figure 1.4 Number of river reaches and wetlands watered since 2011-12

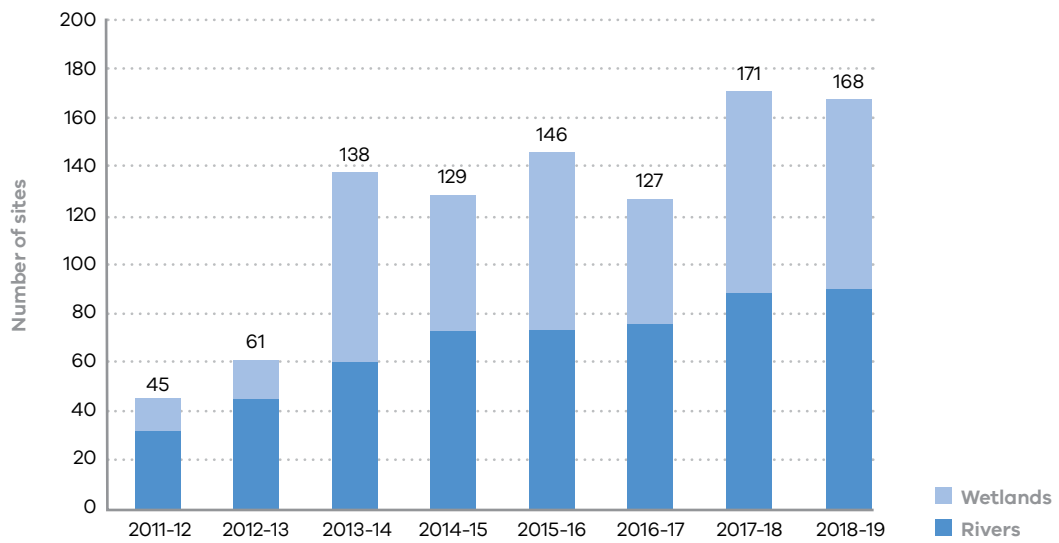


Table 1.2 compares selected water planning and delivery indicators from 2011-12 to 2018-19. These indicators are not reported against set targets as they depend on seasonal and operational conditions.

Table 1.2 Comparison of 2018-19 watering performance with previous years

	2011-12 <sup>1</sup>	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Potential watering actions</b>								
Number of actions and as percentage of total number of actions identified								
Total no. of actions identified	109	122	222	243	258	266	283	301
Total no. of actions required				232	226	255	263	242
Actions fully achieved (number and percent of total)	68 62.4%	81 66%	91 41%	136 58.6% <sup>2</sup> (56%)	136 60.2% <sup>2</sup> (52.7%)	207 81% <sup>2</sup> (79%)	195 74% <sup>2</sup> (69%)	188 78% <sup>2</sup> (62%)
Actions partially achieved (number and percent of total)	31 28.4%	30 25%	90 41%	60 25.9% <sup>2</sup> (25%)	35 15.5% <sup>2</sup> (13.6%)	43 17% <sup>2</sup> (16%)	46 17% <sup>2</sup> (16%)	35 14% <sup>2</sup> (12%)
Actions not achieved (number and percent of total)	10 9.2%	11 9%	41 18%	36 15.5% <sup>2</sup> (19%)	55 24.3% <sup>2</sup> (33.7%)	5 2% <sup>2</sup> (5%)	22 8% <sup>2</sup> (15%)	19 8% <sup>2</sup> (26%)
<b>Contribution of Water Holdings to fully and partially achieved watering actions</b>								
Number of actions and as percentage of total number of fully or partially achieved actions								
Some or all of the watering action actively managed with water for the environment	58 59%	74 67%	147 81%	135 69%	135 79%	136 54%	189 78%	168 75%
Not actively managed with water for the environment <sup>3</sup>	41 41%	37 33%	34 19%	61 31%	36 21%	114 45%	52 22%	55 25%
<b>Other indicators</b>								
Total number of river reaches and wetlands watered	45	63	145	129	146	127	171	168
Total number of seasonal watering statements	47	60	95	59	64	52	48	54
Total number of watering authorisations	-	-	-	1	3	6	4	6
Total number of seasonal watering plan variations	6	8	8	4	3	3	3	8

1. The potential watering actions reported in 2011-12 was updated in 2013-14 to reflect more accurate data. These numbers exclude data from the Snowy River and the Goulburn and Broken wetlands systems because they were not included in the environmental watering program at the time.

2. The method used to calculate the percentage of achievement was changed in 2014-15 to exclude the potential watering actions that were not required. For example, in 2014-15, there were 232 actions deemed to be required and the fully achieved percentage is 58.6 percent (136 achieved out of 232 required). The percentage achievement under the method used before 2014-15 is provided in brackets to allow comparison across all years.

3. These could include potential watering actions where the site was being intentionally dried, or where the watering action was met by unregulated water, consumptive water en route, rainfall or water retained in rivers or wetlands from previous years.

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## Seasonal watering statements

During the 12 months to 30 June 2019, the VEWH Commission approved 54 seasonal watering statements and six watering authorisations. The watering authorisations enabled the VEWH Office to order water made available by the CEWH and the MDBA in the River Murray. The number of seasonal watering statements and watering authorisations issued in 2018-19 was similar to recent previous years. Over time, the number of seasonal watering statements issued has remained stable or decreased while the number of river reaches and wetlands watered has increased. This is due to administrative efficiencies which enables several wetland sites to be grouped onto a single seasonal watering statement.

## Variations to the seasonal watering plan

Variations are an important tool to ensure environmental watering adapts to changing conditions or incorporates new information. The VEWH Commission approved the following eight variations to the *Seasonal Watering Plan 2018-19*:

- Section 2.4 Macalister River – lower the magnitude of autumn/winter low flows to the Macalister River
- Section 4.3 Wimmera system – include autumn deliveries to Ranch Billabong
- Section 5.2.3 central Murray wetlands – include spring deliveries to Lake Murphy
- Section 5.2.3 central Murray wetlands – include autumn deliveries to Johnson Swamp
- Section 5.2.5 lower Murray wetlands – change the timing of deliveries to Burra Creek North, Burra Creek South and Vinifera Floodplain from winter/spring to autumn
- Section 5.2.6 Lindsay, Mulcra and Wallpolla islands – increase the magnitude of year-round low flows to Mullaroo Creek and allow a spring high flow to Mullaroo Creek under drought and dry scenarios
- Section 5.3 Ovens River – define the timing of variable low flows to the Ovens River
- Section 5.5.2 Lower Broken Creek – increase the magnitude of year-round low flows to lower Broken Creek, update the environmental objectives for year-round low flows and specify the targeted reaches for the flow.

The seasonal watering plan, current seasonal watering statements, environmental watering updates and other news are available from [vewh.vic.gov.au](http://vewh.vic.gov.au). Anyone interested in receiving an update can email [general.enquiries@vewh.vic.gov.au](mailto:general.enquiries@vewh.vic.gov.au). Information on all the environmental watering activities undertaken in Victoria and the associated outcomes can be found in the annual watering booklet *Reflections* also available on the website.

## Changes to entitlements

At 30 June 2019, the VEWH Water Holdings comprised 23 entitlements and 17 water shares<sup>1</sup>. The total long-term average water availability of the holdings is approximately 645,000 ML. Water availability under these entitlements varies and may be greater or less than 645,000 ML in any given year.

During 2018-19, several amendments and adjustments were made to seven of the VEWH's environmental and bulk entitlements to reflect inter-governmental agreements under the Murray-Darling Basin Plan, implement water savings and policy projects, and improve the effective use of the Water Holdings. The VEWH also acquired water shares for the first time in the Broken system and increased its holdings of water shares in the Murray and Goulburn systems.

Summaries of the changes are provided below. Copies of the VEWH's bulk and environmental entitlements and amendments are available from the Victorian Water Register ([waterregister.vic.gov.au](http://waterregister.vic.gov.au)).

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<sup>1</sup> Includes entitlements and water shares held in trust on behalf of the Murray-Darling Basin Authority.



- *The Bulk Entitlement (Loddon River – Environmental Reserve) Order 2005* was amended to add provisions allowing VEWH to apply to the Northern Victorian Resource Manager to credit environmental return flows from water used in the Loddon system and returned to the Loddon system or other systems.
- The return flows provisions under the *Environmental Entitlement (Campaspe River – Living Murray Initiative) 2007* and *Environmental Entitlement (Goulburn System – Living Murray) 2007* were amended to more clearly outline the process the VEWH must use when making applications to the system storage manager for return flow credits.
- In January 2019, the entitlement volumes under *Environmental Entitlement (River Murray – NVIRP Stage 1) 2012* and the *Environmental Entitlement (Goulburn System – NVIRP Stage 1) 2012* were adjusted based on an annual audit of the long-term water savings achieved through the project to date. The adjustment resulted in a net increase of 3169.4 ML to the Water Holdings across the Goulburn and Murray systems<sup>1</sup>.
- In June 2019, amendments were made to the *Environmental Entitlement (River Murray – NVIRP Stage 1) 2012* and the *Environmental Entitlement (Goulburn System – NVIRP Stage 1) 2012* to rescind the VEWH's rights to water recovery savings from the Goulburn-Murray Water Connections Project Stage One under these entitlements from March 2020 onwards<sup>2</sup>. The finalised water recovery savings from the Goulburn-Murray Water Connections Project Stage One will now be allocated to the VEWH under two existing entitlements – the *Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999* and the *Goulburn River Environmental Entitlement 2010*.
- An amendment to the *Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999* was also made to provide an additional 9,000 ML of unregulated flow access in the River Murray. The additional water is due to water recovery arising from the Goulburn-Murray Water Connections Project Stage One and is available in the River Murray downstream of the Goulburn River confluence when unregulated conditions occur.
- A transfer of Goulburn and Murray systems water shares from MDBA to VEWH was completed. The VEWH now holds an additional 12,267 ML of high-reliability water share in the Murray system and 5,559 ML of high-reliability water share in the Goulburn system on behalf of the Living Murray program. The water shares were transferred to the VEWH to implement the agreement of the Murray-Darling Basin Ministerial Council in November 2015 that any environmental water entitlements held by the MDBA should be divested to the States. This is consistent with other entitlements held by the VEWH on behalf of the Living Murray program.
- In the Broken system, the VEWH was transferred 90 ML of high-reliability water shares and 18.9 ML of low-reliability water shares that were recovered as part of the Goulburn-Murray Water Connections Project Stage One.

## Water availability and use

The VEWH had access to a total of 1,081,203 ML of water for the environment in 2018-19. The volume included allocations to the VEWH in 2018-19, water carried over from 2017-18, water made available by the CEWH and the Living Murray program, water donations and water purchases.

In total, 545,610 ML of water for the environment was delivered in Victoria in 2018-19. The total includes 285,452 ML of water made available by the CEWH and 56,818 ML by the Living Murray program. The total does not include 129,400 ML of water delivered to the Snowy River by the New South Wales Department of Industry, which is not delivered from VEWH water accounts.

Table 1.3 compares net water availability and delivery across Victoria for 2011-12 to 2018-19.

<sup>1</sup> This adjustment includes calculation of Goulburn-Murray Water Connections Project Stage One water savings and mitigation water entitlements.

<sup>2</sup> Mitigation water will continue to be allocated under these entitlements in 2019-20 and beyond.

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Table 1.3 Water availability and delivery by region and for the state from 2011-12 to 2018-19

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Total volume available (ML)</b>								
Southern Victoria (Gippsland + Central)	75,651	85,050	111,257	108,951	88,263	109,823	123,741	102,031
Gippsland region	Not reported separately	Not reported separately	48,124	52,219	48,081	53,648	73,186	62,905
Central region			63,133	56,732	40,182	56,176	50,554	39,125
Western region	69,211	82,296	60,401	45,347	16,373	53,582	79,126	67,470
Northern region	575,854	597,789	933,883	840,247	999,130	882,239	1,179,141	911,702
<b>Total Victoria</b>	<b>720,716</b>	<b>765,135</b>	<b>1,105,541</b>	<b>994,545</b>	<b>1,103,766</b>	<b>1,045,644</b>	<b>1,382,007</b>	<b>1,081,203</b>
<b>Total volume delivered (ML)</b>								
Southern Victoria (Gippsland + Central)	33,008	41,060	49,130	62,974	40,922	48,478	76,606	55,046
Gippsland region <sup>1</sup>	Not reported separately	Not reported separately	27,351	28,872	28,797	20,637	45,180	33,325
Central region			21,780	34,102	12,125	27,841	31,426	21,721
Western region <sup>2</sup>	18,345	50,277	30,004	33,720	8,112	13,585	39,664 <sup>4</sup>	32,981 <sup>4</sup>
Northern region	427,858	345,904	730,543 <sup>4</sup>	549,073 <sup>4</sup>	640,498 <sup>4</sup>	644,405 <sup>4</sup>	802,830 <sup>4</sup>	457,583 <sup>4</sup>
<b>Total Victoria<sup>3</sup></b>	<b>479,212</b>	<b>437,242</b>	<b>809,678</b>	<b>645,767</b>	<b>689,532</b>	<b>706,468</b>	<b>919,100</b>	<b>545,610</b>

Tables 1.4, 1.5, 1.6 and 1.7 summarise the water availability and use under the VEWH entitlements in 2018-19 in the Gippsland, central, western and northern regions respectively. Further commentary on changes to the VEWH entitlements, water availability and carryover and trade of water allocation is provided to accompany the tables.

1. Does not include water delivered to the Snowy River from Lake Jindabyne in New South Wales.
2. Reported volumes from 2013-14 to 2017-18 includes the delivery of water to wetlands supplied by GWMWater via the Wimmera Mallee Pipeline Supply System 5.
3. Total volumes may differ to regional volumes due to rounding.
4. This volume includes water delivered to the Wimmera River and Ovens River from the CEWH Water Holdings.

## Return flows

In some systems, water for the environment delivered through upstream sites can be re-used at downstream sites. This helps to ensure water for the environment is used efficiently and effectively to achieve optimal environmental benefits. The VEWH's access to return flows is enabled through rules in its environmental entitlements. Re-use of return flows is also available to the CEWH and MDBA when the VEWH delivers water on their behalf.

In 2018-19, a total of 373,378 ML was recredited to the VEWH accounts for return flows delivered through upstream sites to the River Murray. This included:

- 258,882 ML from the Goulburn River
- 24,181 ML from the lower Broken Creek
- 22,096 ML from the Campaspe River
- 49,319 ML from the River Murray and
- 18,902 ML from Gunbower Forest.

Of the total volume of return flows, 30,293 ML was reused at Gunbower Forest and 2,896 ML was reused in Gunbower Creek. The remaining volume of return flows continued to flow down the River Murray to South Australia (see administrative transfers in trade section below).

## Carryover

At the end of 2018-19, 521,318 ML of water for the environment remained available to the VEWH and may be carried over and available for use in 2019-20, subject to carryover rules and conditions (for example potential loss to storage spills). This represents 48 percent of the VEWH's net water availability last year. It includes the large volumes of water held in the Victorian share of the Barmah-Millewa Environmental Water Allocation in the Murray system (259,850 ML), the River Murray Increased Flows Allocation (58,016 ML) and water held on behalf of the Living Murray program (43,200 ML) which require joint decision making with other environmental water holders over access and use.

## Water donations

In 2018-19, 28 ML of privately-owned water in the Murray system was donated to the VEWH.

## Trade

Water trading allows the VEWH to move water to the systems where it is most needed and to manage some of the variability in water availability across systems and across years. The VEWH can also buy or sell water where it is in line with its statutory objectives: essentially if it optimises environmental outcomes in Victorian waterways. This means that the VEWH can sell water to buy water in a different system or in a later year, or to invest in knowledge, capability, adaptive/risk management, or complementary works and measures, where these projects optimise environmental watering outcomes for enduring benefit. The VEWH consults with DELWP where these projects have government policy or program implications.

The following types of trade are undertaken by the VEWH:

- administrative water transfers of VEWH allocation (for example, for carryover or water delivery)
- administrative water transfers with other environmental water holders
- administrative water transfers as part of the Snowy River water recovery project
- commercial water allocation trade (selling and purchasing water allocation).



Administrative water transfer refers to movement of water between water accounts held in different parts of the system (mostly across northern Victoria) to facilitate watering actions or optimise carryover. Aside from the administration fee, these transfers have no financial consideration, and are the most common trades the VEWH undertakes. Administrative water transfers are vital for optimising water for the environment use across Victorian systems. It provides opportunities to manage the VEWH portfolio throughout the season and can assist in achieving the highest-priority watering actions across multiple catchments.

Commercial water allocation trades are done following an assessment of environmental water demand and supply. In the past, allocation has been primarily sold when all foreseeable priority water demands have been able to be met. However, decisions may also be made about forgoing watering actions to sell water allocation and use the resulting revenue to buy water in a different system or later year, or to invest in knowledge, capability, adaptive/risk management, or complementary works and measures, where these projects optimise environmental watering outcomes for enduring benefit.

### **Administrative transfers of VEWH allocation**

The VEWH completed several administrative trades during 2018-19 to optimise Water Holdings and to meet environmental watering demands. For example, 4,000 ML was transferred from the Goulburn to Loddon systems to meet environmental watering demands in the Loddon system and several transfers of VEWH allocation were undertaken at the end of the year to make best use of carryover capacity.

### **Administrative transfers with other environmental water holders**

One of the VEWH's important roles is to coordinate planning and delivery activities with other Murray-Darling Basin environmental water holders (the CEWH, MDBA and managers of water for the environment in New South Wales and South Australia) to optimise the benefits of all environmental watering in and from Victorian waterways.

In 2018-19, the CEWH and MDBA transferred water to the VEWH for delivery in Victoria. That water was held by the VEWH until used or transferred back.

Water transfers between environmental water holders occurs to:

- transfer water to the VEWH after it has been committed for use in Victorian sites by other water holders
- facilitate the efficient and coordinated delivery of water for the environment in Victoria
- maximise availability of water for the environment
- return unused water
- account for delivery of water for the environment to South Australia.

In 2018-19, the following transfers with other environmental water holders occurred:

- Victorian River Murray Increased Flows (RMIF) – 50,000 ML of Victorian allocation was transferred to the South Australian Murray system from accounts held by the VEWH to meet priority watering actions in Chowilla, Lower Lakes, Coorong and Murray Mouth.
- Commonwealth water for the environment – 294,406 ML of Commonwealth allocation was transferred into the VEWH's accounts for use in northern Victorian systems. This water was used for watering actions in the Murray, Goulburn, Broken, Campaspe and Loddon systems. Following the completion of environmental watering, 17,690 ML of unused Commonwealth water for the environment was returned to the CEWH.

- Living Murray water for the environment – 33,398 ML of Living Murray allocation was transferred to accounts held by the VEWH to contribute to watering actions in the Murray, Goulburn and Campaspe systems. Following the completion of environmental watering, 7,400 ML of unused Living Murray water for the environment was returned to the Living Murray. An additional 41,933 ML of Living Murray allocation was transferred to the South Australian Murray system from accounts held by the VEWH to meet priority watering actions in the Lower Lakes, Coorong and Murray Mouth.
- Delivery of return flows to South Australia – 329,715 ML of return flows was reccredited from VEWH accounts to South Australia for reuse in the South Australian Murray system (for example, in the Lower Lakes, Coorong and Murray Mouth). Of the return flows reccredited, 248,897 ML was Commonwealth water for the environment, 41,933 ML Living Murray water and 38,885 ML VEWH water.

### **Administrative transfers as part of the Snowy River water recovery project**

Victorian water for the environment available for use in the Snowy system is held by the VEWH in the Murray, Goulburn and Loddon systems. This water is made available for environmental flows in the Snowy River via a substitution method, whereby water for the environment held in VEWH accounts in northern Victoria replaces water that was earmarked for transfer from the Snowy to the Murray system, to support consumptive water demands. The equivalent volume of water is set aside in the Snowy system, which becomes available for delivery of environmental flows to the Snowy River. Trade is the mechanism used to account for this substitution.

In 2018-19, the VEWH traded 81,165 ML to the Snowy inter-valley transfer account. The subtotals traded from each system were as follows:

- Murray system – 44,465 ML
- Goulburn system – 36,259 ML
- Loddon system – 442 ML.

The volumes were equivalent to allocations made to the VEWH's environmental entitlements and water shares for the Snowy system from 1 July 2018 to 15 January 2019.

### **Other types of administrative transfers that occurred in 2018-19**

The Taungurung Land and Water Council Aboriginal Corporation (TLWCAC) transferred 39 ML of water allocation to VEWH for delivery in the Ovens system for environmental and Aboriginal outcomes.

Five hundred megalitres of water for the environment in the Moorabool system was secured, through a one-off trial substitution arrangement with Central Highlands Water.

Melbourne Water transferred 653 ML of water allocation to VEWH for delivery in the Werribee system for environmental outcomes.

### **Commercial allocation trade**

In the northern region, the VEWH sold 10,000 ML of water allocation in the Murray system in 2018-19.

In the central region, the VEWH purchased 300 ML of licence allocation to provide water for the environment in the Maribyrnong system in 2018-19.





## Case study:

### Sale of water a great outcome for native fish

As part of its water portfolio management, the VEWH regularly assesses its water for the environment demand and supply position throughout the year. This assessment considers factors such as environmental condition and the need for water, current and forecast climate conditions and water availability, carryover capacity and market conditions. If the VEWH determines that there is water available to trade, the VEWH undertakes its trading activity in a manner that avoids significant impacts on the market.

This year the VEWH made a small portion of its water allocation available for purchase in the northern Victorian water market.

Before deciding to sell the water, the VEWH conducted an assessment ensuring that all priority watering actions planned for dry conditions could be achieved in the 2018-19 watering year and that there was enough water available for carry over into 2019-20 for critical watering.

A total of 10,000 ML was sold from the Murray system during March and April 2019, in 52 individual parcels, with an average parcel size of 192 ML, and an average price of around \$486/ML. Net revenue from the sale was \$4,808,927<sup>1</sup>.

The VEWH has committed proceeds from the sale of its 2018-19 water allocation in northern Victoria to the construction of the Koondrook Weir fishway.

The detailed design of the Koondrook Weir fishway is currently underway with a focus on ensuring the fishway can allow passage for a wide range of species, both large and small, under a range of flow conditions. The design aims to ensure the most ecological benefit to the native fish population, whilst not impacting on the delivery of water to irrigators. Funds raised by the VEWH through trade may also be used to:

- Purchase allocation at a different time in a different system
- Fund small structural works to improve water use efficiency
- Invest in technical work to address key knowledge gaps and demonstrate outcomes from water for the environment
- Invest in other measures to improve the performance of Victoria's water for the environment program
- Offset business costs.

The VEWH works jointly with program partners to identify the best projects for investment of trade revenues. Investment in complementary works and measures, knowledge, monitoring and research will be done in collaboration with DELWP to ensure complementarity and efficiencies between the programs of the two organisations. The VEWH outlines its potential to buy or sell water for the environment in its annual trade strategy.

With Victoria continuing to experience a highly variable and unpredictable climate, trade and carryover are proving critical to prepare and manage for extremes in weather and water availability.

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<sup>1</sup> Reported in the Financial statements inclusive of the broker and exchange fees (gross \$4,861,725).

Table 1.4 VEWH water account summary in the Gippsland region in 2018-19

VEWH Water Holdings 2018-19 – Gippsland region												
River system	Entitlement	Reliability	Entitlement volume at 1 July 2018 (ML) or percentage of inflows at 1 July 2018	Carryover from 2017-18 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Net Share of inflows (ML)	Adjustments <sup>1</sup> (ML)	Net Trade (ML)	Total available water (ML)	Water use (ML)	Closing balance (ML)
				A	B	C	D	E	F	G = A+B+C+D+E+F	H	I = G + H
Latrobe	Latrobe River Environmental Entitlement <sup>2</sup>	Unregulated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Blue Rock Environmental Entitlement	Share of inflows	9.45% inflows	11,670.0	0.0	0.0	2,998.4	94.0	0.0	14,762.4	-5,502.4	9,260.0
	Thomson River Bulk Entitlement	High + share of inflows	10,000.0 ML + 3.9% inflows	8,564.0	0.0	10,000.0	5,888.0	10.0	0.0	24,462.0	-11,432.0	13,030.0
Macalister	Macalister River Environmental Entitlement	High	12,460.9	6,526.9	0.0	12,460.9	0.0	0.0	0.0	18,987.8	-13,878.1	5,109.7
		Low	6,229.5	1,245.9	0.0	2,180.3	0.0	0.0	0.0	3,426.2	-1,245.9	2,180.3
<b>Gippsland region total</b>				<b>28,006.8</b>	<b>0.0</b>	<b>25,908.2</b>	<b>8,886.4</b>	<b>104.0</b>	<b>0.0</b>	<b>62,905.4</b>	<b>-33,325.4</b>	<b>29,580.0</b>

1. Corrections and alterations to account for water lost and gained from internal spills, evaporation, over-releases and changes in storage volume.

2. Use of this entitlement is dependent on suitable river heights, as specified in the entitlement.

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Table 1.5 VEWH water account summary in the Central region systems in 2018-19

VEWH Water Holdings 2018-19 – Central region														
River system	Entitlement	Reliability	Entitlement volume (ML) or percentage of inflows at 1 July 2018	Carryover from 2017-18 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Net share of inflows (ML)	Allocation forfeited (ML)	Adjustments <sup>1</sup> (ML)	Net trade (ML)	Return flows (ML)	Total available water (ML)	Water use (ML)	Closing balance (ML)
				A	B	C	D	E	F	G	H	I = A+B+C +D+E+F+G+H	J	K = I+J
Tarago	Tarago and Bunyip Rivers Environmental Entitlement	Share of inflows	10.3% inflows	1,453.0	0.0	0.0	1,281.0	0.0	0.0	0.0	0.0	2,734.0	-1,210.0	1,524.0
		Passing flows	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Yarra	Yarra River Environmental Entitlement	High	17,000.0	12,655.0	0.0	0.0	17,000.0	0.0	0.0	0.0	0.0	29,655.0	-16,518.0	13,137.0
		Passing flows	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Werribee	Werribee River Environmental Entitlement	Share of inflows	10% inflows	774.9	0.0	0.0	317.2	0.0	-96.4	0.0	241.5	1,237.2	-512.1	725.1
		N/A	N/A	0.0	0.0	0.0	0.0	0.0	0.0	281.0	0.0	281.0	-281.0	0.0
Maribymong	Water use registration	N/A	N/A	0.0	0.0	0.0	0.0	0.0	0.0	300.0	0.0	180.0	-180.0	0.0
	Purchased Allocation	N/A	N/A	0.0	0.0	0.0	0.0	-120.0	0.0	0.0	0.0	0.0	0.0	0.0
Moorabool	Moorabool River Environmental Entitlement	Share of inflows	11.9% inflows	2,662.2	0.0	0.0	0.0	0.0	123.6	500.0	0.0	3,285.8	-2,000.0	1,285.8
		Passing flows	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Barwon	Upper Barwon Environmental Entitlement	Share of inflows	3.8% inflows	1,000.0	0.0	0.0	752.3	0.0	0.0	0.0	0.0	1,752.3	-1,019.9	732.4
	Barwon River Environmental Entitlement <sup>2</sup>	Unregulated	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Central region total</b>				<b>18,545.1</b>	<b>0.0</b>	<b>0.0</b>	<b>19,350.5</b>	<b>-120.0</b>	<b>27.2</b>	<b>1,081.0</b>	<b>241.5</b>	<b>39,125.3</b>	<b>-21,721.0</b>	<b>17,404.3</b>

1. Corrections and alterations to account for water lost and gained from internal spills, evaporation, over-releases and changes in storage volume.

2. Use of this entitlement is dependent on suitable river heights, as specified in the entitlement.

Table 1.6 VEWH water account summary in the Western region in 2018-19

VEWH Water Holdings 2018-19 – Western region											
System	Entitlement	Reliability	Entitlement at 1 July 2018	Carry over from 2017-18 (ML)	Allocation (ML)	Net spills (ML)	Net Trade (ML)	Total available water (ML)	Water use (ML)	Evaporation deduction on 30 June 2019 (ML)	Closing balance (ML)
			A	B	C	D	E = A+B+C+D	F	G	H = E+F+G	
Wimmera and Glenelg	Wimmera Glenelg Rivers Environmental Entitlement 2010	Wimmera-Mallee pipeline product high reliability	40,560.0	35,105.0	22,308.0	0.0	0.0	57,413.0	-23,865.3	-5,032.1	28,515.6
		Wimmera-Mallee wetlands high reliability <sup>1</sup>	1,000.0	1,090.0	0.0	0.0	0.0	1,090.0	-147.8	-141.3 <sup>2</sup>	800.9
	Water use registration	Passing flows	N/A	N/A	3,126.2 <sup>3</sup>	N/A	N/A	3,126.2	-3,126.2	N/A	0.0
<b>Western region total</b>				<b>36,195.0</b>	<b>25,434.2</b>	<b>0.0</b>	<b>0.0</b>	<b>61,631.8</b>	<b>-27,142.0</b>	<b>-5,173.4</b>	<b>29,316.4</b>

1. The reliability of the Wimmera-Mallee wetlands entitlement is lower than the Wimmera-Mallee pipeline product.

2. This does not include the use of 2.6 ML of water at Wimmera-Mallee Supply System 5 wetlands (Considines and Poyner) as this water was not accounted for under the environmental entitlement. The water was delivered under a provisional water allowance held by the VEWH and supplied from the VEWH's River Murray Bulk Entitlement through trade.

3. This is the volume of passing flows that was accumulated in the Wimmera and Glenelg systems.

# SECTION ONE

Table 1.7 VEWH water account summary in the Northern region in 2018-19

VEWH Water Holdings 2018-19 – Northern region																	
Entitlement	Reliability	Entitlement at 1 July 2018 (ML)	Carryover from 2017-18 (ML)	Carryover lost to spill (ML) <sup>1</sup>	Allocation (ML)	Allocation lost to spill (ML)	Allocation forfeited (ML)	Return flow recredit (ML) <sup>2</sup>	Net transfer CEW (ML) <sup>3</sup>	Net transfer TLM (ML) <sup>3</sup>	Net transfer VEWH (ML) <sup>3</sup>	Donations (ML)	Net trade VEWH (ML) <sup>4</sup>	Total available water (ML)	Water use (ML)	Evaporation on 30 June 2019 (ML)	Closing balance (ML)
		A	B	C	D	E	F	G	H	I	J	K	L = A+B+C+D+E+F+G+H+I+J+K	M	N	O = L+M+N	
<b>Murray system</b>																	
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999	High	29,782.3	0.1	0.0	29,782.3	0.0	-308.7	313,028.1	16,025.4	0.0	-284,142.6	28.0	0.0	74,412.6	-64,700.7 <sup>8</sup>	-485.6	9,226.3
	Low	3,893.6	2,201.8	0.0	0.0	0.0	-0.4	0.0	51,753.2	0.0	1,618.7	0.0	0.0	55,573.3	-51,753.5	-191.0	3,628.8
	Unreg	40,000.0	0.0	0.0	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - River Murray Increased Flows	Trigger based	N/A	122,780.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-47,781.0	0.0	0.0	74,999.1	-13,930.0	-3,053.5	58,015.6
	High	50,000.0	0.0	50,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0		
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - Barmah-Millewa Water for the environment Allocation	Low	25,000.0	185,340.0	0.0	25,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	260,340.0	0.0	-490.0	259,850.0
	Environmental Entitlement (River Murray - NVRP Stage 1) 2012 <sup>5</sup>	N/A	27,030.7	24,873.0	0.0	18,463.0	0.0	-0.1	0.0	0.0	-5,966.0	0.0	-10,000.0	27,369.9	-5,189.8	-1,109.0	21,071.1
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - Living Murray	High	9,589.0	5,976.0	0.0	9,589.0	0.0	-1,201.5	0.0	0.0	11,757.3	0.0	0.0	0.0	26,120.8	-18,493.8	-95.8	7,531.2
	Low	101,849.9	0.0	0.0	0.0	0.0	0.0	50,684.9	0.0	-41,932.8	0.0	0.0	0.0	8,752.1	-8,752.1	0.0	0.0
	Unreg	34,300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water shares – Living Murray Program	High	12,266.9	0.0	0.0	0.0	0.0	0.0	0.0	7,400.0	0.0	0.0	0.0	0.0	7,400.0	0.0	-370.0	7,030.0
Bulk Entitlement (River Murray - Snowy Environmental Reserve) Conversion Order 2004 <sup>6</sup>	High	29,794.0	0.00	0.0	29,794.0	0.0	0.0	0.0	0.0	0.0	-29,794.0	0.0	0.0	0.0	0.0	0.0	0.0
	High	14,670.9	0.0	0.0	14,670.9	0.0	0.0	0.0	0.0	0.0	-14,670.9	0.0	0.0	0.0	0.0	0.0	0.0
Water shares – Snowy River Environmental Reserve <sup>6</sup>	Low	6,423.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**VEWH Water Holdings 2018-19 – Northern region**

Entitlement	Reliability	Entitlement at 1 July 2018 (ML)	Carryover from 2017-18 (ML)	Carryover lost to spill (ML) <sup>1</sup>	Allocation (ML)	Allocation lost to spill (ML)	Allocation forfeited (ML)	Return flow recredit (ML) <sup>2</sup>	Net transfer CEW (ML) <sup>3</sup>	Net transfer TLM (ML) <sup>3</sup>	Net transfer VEWH (ML) <sup>3</sup>	Donations (ML)	Net trade VEWH (ML) <sup>4</sup>	Total available water (ML)	Water use (ML)	Evaporation on 30 June 2019 (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K	L = A+B+C+D+E+F+G+H+I+J+K	M	N	O = L+M+N

**Broken system**

Broken system water use registration	N/A	N/A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	250.0	0.0	0.0	0.0	-250.0	0.0	0.0
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**Goulburn system**

Environmental Entitlement (Goulburn System - NVRP Stage 1) 2012 <sup>5</sup>	N/A	36,623.7	19,180.9	0.0	25,138.7	0.0	0.0	0.0	0.0	0.0	1,357.5	0.0	0.0	45,677.1	-15,601.0	-1,503.8	28,572.3	
Goulburn River Environmental Entitlement 2010	High	8,851.0	0.9	0.0	8,851.0	0.0	0.0	0.0	0.0	0.0	-7,640.6	0.0	0.0	1,211.3	-580.3	-31.5	599.4	
Environmental Entitlement (Goulburn System - Living Murray) 2007	Low	3,140.0	1,106.9	0.0	0.0	0.0	0.0	9,665.2	202,572.4	0.0	2,033.2	0.0	0.0	215,377.7	-212,237.7	-157.0	2,983.0	
Water shares – Living Murray Program	High	39,625.0	0.1	0.0	39,625.0	0.0	0.0	0.0	0.0	253.0	0.0	0.0	0.0	39,878.1	-26,467.7	-74.0	13,336.3	
Bulk Entitlement (Snowy - Environment) Order 2005 <sup>6</sup>	Low	156,980.0	1,792.1	0.0	0.0	0.0	0.0	0.0	0.0	13,987.6	0.0	0.0	0.0	15,779.7	0.0	-789.0	14,990.7	
Water shares – Snowy River Environmental Reserve <sup>6</sup>	High	5,559.0	0.0	0.0	328.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	328.4	0.0	-16.4	312.0	
Silver and Wallaby Creeks Environmental Entitlement 2006	Low	30,252.0	0.0	0.0	30,252.0	0.0	0.0	0.0	0.0	0.0	-28,436.9	0.0	0.0	1,815.1	0.0	0.0	1,815.1	
Water shares – Snowy River Environmental Reserve <sup>6</sup>	High	8,320.9	0.1	0.0	8,320.9	0.0	0.0	0.0	0.0	0.0	-7,821.6	0.0	0.0	499.4	0.0	-25.0	474.4	
Water shares – Snowy River Environmental Reserve <sup>6</sup>	Low	17,852.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Silver and Wallaby Creeks Environmental Entitlement 2006	Passing flows	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00

# SECTION ONE



## VEWH Water Holdings 2018-19 – Northern region

Entitlement	Reliability	Entitlement at 1 July 2018 (ML)	Carryover from 2017-18 (ML)	Carryover lost to spill (ML) <sup>1</sup>	Allocation (ML)	Allocation lost to spill (ML)	Allocation forfeited (ML)	Return flow recredit (ML) <sup>2</sup>	Net transfer CEW (ML) <sup>3</sup>	Net transfer TLM (ML) <sup>3</sup>	Net transfer VEW (ML) <sup>3</sup>	Donations (ML)	Net trade VEW (ML) <sup>4</sup>	Total available water (ML)	Water use (ML)	Evaporation on 30 June 2019 (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K	L = A+B+C+D+E+F+G+H+I+J+K	M	N	O = L+M+N
<b>Loddon system</b>																	
Bulk Entitlement (Loddon River - Environmental Reserve) Order 2005	High	2,000.0	1,798.0	0.0	2,000.0	0.0	0.0	0.0	0.0	0.0	-690.3	0.0	0.0	3,107.7	-1,108.3	0.0	1,999.4
	High	1,480.0	0.0	1,480.0	0.0	0.0	0.0	0.0	0.0	0.0	4,690.2	0.0	0.0	6,170.2	-5,430.2	-370	703.0
	Trigger based	7,490.0	1,449.5	7,490.0	0.0	-2,567.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,371.8	-6,371.8	0.0	0.0
Low	2,024.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,636.2	0.0	0.0	0.0	2,636.2	-2,636.2	0.0	0.0	
Loddon River withheld passing flow account <sup>7</sup>	Passing flows	N/A	0.0	0.0	3,310.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,310.4	0.0	-165.5	3,144.9
Loddon River deficit and reimbursement account	Trigger based	N/A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loddon River freshening flows account	High	N/A	0.0	0.0	561.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	561.4	-561.4	0.0	0.0
Water shares - Snowy River Environmental Reserve <sup>6</sup>	High	470.0	0.0	470.0	0.0	0.0	0.0	0.0	0.0	0.0	-441.8	0.0	0.0	28.2	0.0	-1.4	26.8
Environmental Entitlement (Birch Creek - Bullarook System) 2009	Trigger based	100.0	100.0	0.0	100.0	0.0	-100.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0	100.0



**VEWH Water Holdings 2018-19 – Northern region**

Entitlement	Reliability	Entitlement at 1 July 2018 (ML)	Carryover from 2017-18 (ML)	Carryover lost to spill (ML) <sup>1</sup>	Allocation (ML)	Allocation lost to spill (ML)	Allocation forfeited (ML)	Return flow recredit (ML) <sup>2</sup>	Net transfer CEW (ML) <sup>3</sup>	Net transfer TLM (ML) <sup>3</sup>	Net transfer VEW (ML) <sup>3</sup>	Donations (ML)	Net trade VEW (ML) <sup>4</sup>	Total available water (ML)	Water use (ML)	Evaporation on 30 June 2019 (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K	L = A+B+C+D+E+F+G+H+I+J+K	M	N	O = L+M+N
<b>Campaspe system</b>																	
Campaspe River Environmental Entitlement 2013	High	20,652.0	5,983.3	0.0	20,652.0	0.0	0.0	0.0	3,729.7	0.0	0.0	0.0	0.0	30,365.0	-20,252.1	-505.6	9,607.3
	Low	2,966.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Environmental Entitlement (Campaspe River - Living Murray Initiative) 2005	High	126.0	0.0	0.0	126.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	126.0	-126.0	0.0	0.0
	Low	5,048.0	2,978.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,978.3	-2,978.3	0.0	0.0
<b>Ovens system</b>																	
Ovens system water use registration	N/A	N/A	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	39.0	-39.0	0.0	0.0
<b>Northern region total</b>		<b>742,316.3</b>	<b>375,561.0</b>	<b>0.0</b>	<b>326,005.0</b>	<b>0.0</b>	<b>-4,178.4</b>	<b>373,378.2</b>	<b>276,716.9</b>	<b>-8,534.9</b>	<b>-417,436.1</b>	<b>28.0</b>	<b>-9,961.0</b>	<b>911,578.8</b>	<b>-457,459.9</b>	<b>-9,101.2</b>	<b>445,017.6</b>

1. If system storages spill, some or all of the available carryover may be deemed to be 'lost' through that spill.
2. Return flow provisions in entitlements allow environmental flows to be delivered to achieve outcomes in multiple systems. For example, water delivered by VEW in the Goulburn system may be re-credited to VEW (minus losses) and used again in the Murray system.
3. Administrative transfers between allocation bank accounts are required to facilitate the use of water across river and wetland systems, and to enable the use of water made available by the Commonwealth Environmental Water Holder and the Murray-Darling Basin Authority in Victoria. A positive transfer value indicates there has been a net transfer of allocation into the entitlement; a negative value indicates a net transfer of allocation out of the entitlement. Net transfers by the VEW represent transfers of water to the Snowy River entitlements and transfers of water to South Australia to facilitate delivery in the River Murray.
4. Negative net trades indicate a net sale of water allocation, while positive net trades indicate a net purchase of water allocation.
5. Total entitlement volume and allocation includes mitigation water allocated for the purposes of watering specific environmental sites that have been identified through GWM Connections Project environmental approvals processes.
6. Water held in these entitlements is made available for Snowy River Increased Flows and River Murray Increased Flows via a substitution method. Allocation to these entitlements is made available to consumptive users in the Murray system who would otherwise have been supplied through water diverted from the Snowy system to the Murray.
7. Under entitlement rules, passing flows may be reduced and withheld passing flow volumes released later. These rules allow flexibility which can help increase environmental outcomes without impacting other water users.
8. Includes 62 ML of use that was erroneously applied to VEW accounts for use at Lake Hawthorn in 2018-19. The use posted will be reversed in 2019-20.

## SECTION ONE

### 1.5 Five year financial summary

Table 1.8 below provides a financial summary for VEWH operations in 2018-19.

While the Water Holdings are not recognised or accounted for as an asset for accounting purposes, the VEWH considers the Holdings to be significant and extremely valuable.

Table 1.8 Financial summary

	2018-19 \$	2017-18 \$	2016-17 \$	2015-16 \$	2014-15 \$
Government contributions / grants <sup>1</sup>	8,329,997	8,427,391	10,776,507	11,032,066	11,603,223
Sale of water allocation	4,861,725	1,924,535	1,000,319	74,831	1,635,607
Interest	110,100	106,110	109,199	193,972	182,489
Other income <sup>2</sup>	0	0	0	59,010	42,150
<b>Total revenue</b>	<b>13,301,822</b>	<b>10,458,036</b>	<b>11,886,025</b>	<b>11,359,879</b>	<b>13,463,469</b>
Environmental water holdings and transaction expenses	(6,541,731)	(6,535,185)	(5,134,180)	(5,403,501)	(4,995,326)
Grants	(2,729,804)	(1,917,576)	(2,104,435)	(3,293,025)	(2,320,867)
Employee benefits	(2,166,564)	(1,841,708)	(1,632,990)	(1,554,971)	(1,176,834)
Supplies and services	(1,161,710)	(1,147,304)	(1,001,390)	(947,599)	(958,920)
<b>Total expenditure</b>	<b>(12,599,809)</b>	<b>(11,441,773)</b>	<b>(9,872,995)</b>	<b>(11,199,096)</b>	<b>(9,451,947)</b>
<b>Total assets<sup>3</sup></b>	<b>12,114,915</b>	<b>10,257,206</b>	<b>11,216,171</b>	<b>8,911,507</b>	<b>9,856,729</b>
<b>Total liabilities</b>	<b>1,925,693</b>	<b>766,140</b>	<b>733,919</b>	<b>457,832</b>	<b>1,561,005</b>

### 1.6 Current year financial review

The VEWH's year-end position was an overall surplus of \$0.7 million.

In 2018-19, a significant change in the VEWH's financial position was a reduction of the Environmental Contribution funding commitment for 2018-19 by \$2.67 million. The VEWH intended to offset this variance by use of funds carried forward from previous years. The VEWH had forecast to draw down significantly on carried forward funds held in trust in 2018-19, however, this has been largely offset by revenue received from sale of water allocation.

In March 2019, a decision was made to sell 10,000 ML of Murray system allocation, resulting in revenue of \$4.86 million (see case study on page 22). The VEWH has committed the proceeds from the sale of this allocation to the construction of the Koondrook Weir fishway.

The VEWH has also retained funds from 2018-19 for contracted multi-year projects.

1. Includes revenue from the Living Murray program or Commonwealth Environmental Water Holder, for entitlement charges and water delivery costs associated with delivery of their Water Holdings.

2. Prior to 2015-16, the VEWH received services free of charge from DELWP, these were \$59,010 in 2015-16 and \$42,150 in 2014-15. This arrangement ceased in 2016-17.

3. Environmental entitlements are issued by the Minister for Water under section 48B of the Water Act, through an order published in the Victoria Government Gazette. The VEWH does not recognise environmental entitlements that have been gifted to it by the Victorian Government (or other Victorian Government entities) as an intangible asset, as they do not satisfy the recognition criteria of AASB 138 *Intangible Assets* and Financial Reporting Direction 109A *Intangible Assets*. Separately acquired water entitlements do meet the recognition criteria of AASB 138 and FRD 109A and would be recognised as an intangible asset.

Considering the variable nature of seasonal conditions and subsequent variable water delivery costs and trading revenue and expenditure, it is critical that the VEWH is able to carry forward funds for access in future years. The VEWH retains funds to purchase future water allocation to meet priority watering actions in different systems or in different years and to manage inter-annual seasonal variability.

In 2018-19, the VEWH transferred \$1.46m of funds from sale of water allocation to DELWP to manage a range of projects to improve environmental water management and outcomes. This has been captured under the 'grants' expense category in table 1.8.

Liabilities have increased between 2017-18 and 2018-19 due to the timing of payments at year end for delivery and purchase of water in Moorabool system.

### Performance against key performance indicators (financial)

Four key financial performance indicators and associated targets were included in the *Corporate Plan 2018-19 to 2021-22*. Table 1.9 outlines the performance against these indicators and shows that in 2018-19 all targets were met.

Table 1.9 Financial performance against key indicators (financial)

Performance indicator	Target	Achievement
Variance of actual expenditure to budgeted expenditure is within the target range, and actions taken to mitigate significant variances	<10%	9.6% <sup>1</sup>
Internal cash investment strategy reviewed, and actions taken to address significant variances in interest received	Quarterly <sup>2</sup>	Achieved
Final financial accounts are completed within statutory timeframes	100%	100%
Office operations <sup>3</sup> expenditure as a percentage of total expenditure is within the target range	<25%	23.5%

## 1.7 Capital Projects

The VEWH does not manage any capital projects.

## 1.8 Subsequent events

On 1 July 2019, a new Chairperson and Commission were appointed to the VEWH. See the case study on page 35 and note 7.1 in the Financial Statements for details.

1. Excludes Commonwealth associated expenditure.

2. Quarterly investment strategies ceased in mid 2018-19 following introduction of the Centralised Banking System (CBS).

3. Office operations include staff and other operating costs such as audit and insurance costs.



# Governance and organisational structure

## 2.1 Organisational structure

The VEWH reports directly to the Minister for Water.

DELWP has a role in governance oversight of the VEWH, advising the Minister on its performance. DELWP also has a role supporting the Minister in creating and amending water entitlements (see Figure 2.1).

Under section 33DS of the Water Act, the environment Minister can give the VEWH written directions in relation to its functions, powers and duties. The Minister did not give the VEWH any written directions in 2018-19.

The relevant Minister also has the power to develop rules under section 33DZA of the Water Act to guide specific elements of VEWH operations. The Minister has made rules under this section in relation to the VEWH which came into effect on 23 June 2014.

Figure 2.1 Governance structure, as at 30 June 2019



Until May 2019, the Chairperson had an executive role, and together with the Co-Executive Officers performed the VEWH executive functions, however the Chairperson role has now been converted to a standard non-executive role and the Executive Officer was converted to a 'Chief Executive Officer' equivalent role.



### 2.2 Governing Commission

The VEWH Commissioners are appointed by Governor in Council, upon recommendation of the environment Minister, under the Water Act, Commissioners must have knowledge or experience in one or more of the following fields – environmental management, sustainable water management, economics or public administration. The Commission is responsible for setting strategic direction, establishing goals, objectives and programs for executive management, and monitoring the business.

The VEWH is comprised of four part-time Commissioners. The Commissioners in 2018-19 were:

- **Denis Flett** (*Chairperson*)  
Denis has extensive experience in the Australian water sector, in water engineering, management, leadership, governance and consulting. Denis was the foundation chief executive of GMW and a Victorian Commissioner on the former Murray-Darling Basin Commission. Denis has significant knowledge of Victorian river systems, particularly in northern Victoria.
- **Geoffrey Hocking** (*Deputy Chairperson*)  
Geoff has a strong management background in natural resources, public administration, community and organisational development. During 2018-19, he was a Director of the Gippsland Ports Board and a Director of the Gunai-Kurnai Traditional Owner Land Management Board. He was previously Chief Executive Officer of the West Gippsland CMA, through which he developed significant knowledge of river systems in southern Victoria. Geoff has held senior managerial positions at Gippsland Water, Latrobe Shire Council and the Australian Securities Commission.
- **Christopher Chesterfield** (*Commissioner*)  
Chris has over 30 years in the Victorian water industry, primarily in waterway management. He has extensive experience in sustainable water resource and environmental water management as well as solid business management experience as General Manager Waterways Group at Melbourne Water. Chris is currently also Director, Strategic Engagement at the Cooperative Research Centre for Water Sensitive Cities. He is Chair of the Waterways of the West Ministerial Advisory Committee and the Birrarung Council.
- **Rueben Berg** (*Commissioner*)  
Rueben is a Gunditjmara man and the founder and Managing Director of RJHB Consulting. Rueben is a member of the Heritage Council of Victoria and a Director at Westernport Water. In addition, Rueben is a founder of Indigenous Architecture and Design Victoria, and a member of the Melbourne Sustainable Society Institute Advisory Board. He is also a founder and director of the Indigenous Ultimate Association and the Chair of the Ultimate Rules Subcommittee for the World Flying Disc Federation. He has a Bachelor of Architecture.

The Chairperson, Denis Flett, and two Commissioners, Geoffrey Hocking and Chris Chesterfield, had terms of appointment for five years and commenced on 1 July 2014. A fourth Commissioner, Rueben Berg, was appointed on 1 September 2017. All appointments concluded on 30 June 2019.

The Commission's meeting schedule for 2018-19 has included seven ordinary meetings, a strategy retreat, a western Victoria strategic roundtable, and participation in out-of-session decisions on 21 additional occasions throughout the year.

Table 2.1 VEWH Commission membership and meeting attendance 2018-19

Name	Term	Attended	Eligible to attend
Denis Flett, Chairperson	1 July 2018 to 30 June 2019	7	7
Geoffrey Hocking, Deputy Chairperson	1 July 2018 to 30 June 2019	7	7
Christopher Chesterfield	1 July 2018 to 30 June 2019	6	7
Rueben Berg	1 July 2018 to 30 June 2019	6	7

## Case study:

### VEWH Commissioner appointments

Leaving a strong foundation and legacy, Chairperson Denis Flett and Deputy Chairperson Geoff Hocking have retired from the VEWH Commission.

Denis and Geoff have worked with the VEWH since it was established in 2011 and have both provided great knowledge, guidance and governance. Their determination and commitment to improve ecological outcomes for Victorian waterways was instrumental in creating a coordinated organisation with clear objectives and values.

Ensuring strong continuity and direction, Christopher Chesterfield has been reappointed to the Commission as Chairperson and Rueben Berg will continue as a Commissioner who is an Aboriginal Victorian.

On 1 July, we welcomed our two new Commissioners, Peta Maddy who joins the Commission as Deputy Chairperson alongside Jennifer Fraser as Commissioner. Peta's background is in water policy and strategy setting, governance and water engineering and Jennifer has worked in public administration, policy and legislation development and in the application of natural resource management frameworks. Their combined experience in environmental management, water governance and water planning will provide a wealth of knowledge and new insights helping to enhance the growth of the VEWH. Peta and Jennifer also joined the VEWH's Risk and Audit Committee at the beginning of 2019-20.

Our Commissioners bring a balance of experience and knowledge in environmental management, sustainable water management, economics and public administration.

**[www.premier.vic.gov.au/diversifying-victorias-environmental-water-management/](http://www.premier.vic.gov.au/diversifying-victorias-environmental-water-management/)**  
**[www.vewh.vic.gov.au/about-vewh/our-mission-and-commissioners](http://www.vewh.vic.gov.au/about-vewh/our-mission-and-commissioners)**



## SECTION TWO

### 2.3 Risk and Audit Committee membership and roles

In 2018-19, Risk and Audit Committee (RAC) members were:

- Vincent Philpott - Chairperson (independent)
- Beverley Excell (independent)
- Geoffrey Hocking (independent) (term ended 30 June 2019)
- Christopher Chesterfield (independent) (term ended 30 June 2019)

In 2019-20, Peta Maddy and Jennifer Fraser have joined the VEWH RAC replacing Geoffrey Hocking and Christopher Chesterfield.

The RAC is an independent body established in accordance with the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*. It provides assurance to the VEWH Commission that the organisation's risk and control environment is operating effectively and efficiently. Members are appointed by the VEWH Commission, usually for a two-year period, and are subject to the RAC terms of reference. Meetings are held quarterly and at other times as required. In 2018-19 the committee met five times.

Table 2.2 Risk & Audit Committee membership and meeting attendance 2018-19

Name	Term	Attended	Eligible to attend
Vince Philpott, Chairperson	1 July 2018 to 30 June 2019	5	5
Geoffrey Hocking	1 July 2018 to 30 June 2019	4	5
Christopher Chesterfield	1 July 2018 to 30 June 2019	5	5
Beverley Excell	1 July 2018 to 30 June 2019	5	5

### 2.4 Occupational Health and Safety

The VEWH is committed to ensuring that all employees, contractors and visitors are provided with the use of facilities, equipment, education and training to minimise and prevent workplace injury and illness.

VEWH staff are employed by DELWP and as part of the arrangement VEWH staff agree to abide by DELWP's regulations and policies associated with occupational health and safety. VEWH staff have access to a range of programs provided by DELWP, including training and development programs, ergonomic assessment, counselling services through the Employee Assistance Program and well-being programs.

The use of a common framework for managing specific workplace hazards is a critical part of the Office's strategy for managing health and safety. Hazards and incidents are reported through the DELWP POSSUM system. A full report on the hazards, incidents and performance for DELWP for the year is available from DELWP's *Annual Report 2018-19*. The VEWH had one lost time injury in 2018-19.

# Workforce data

## 3.1 Public sector values and employment principles

The VEWH has introduced policies and practices that are consistent with the codes and standards issued by the VPSC. The approach provides for fair treatment, equal opportunity and early resolution of workplace issues. The VEWH has advised its employees on how to avoid conflicts of interest, how to respond to offers or gifts and how it deals with misconduct.

The VEWH applies the public sector employment principles of merit, fair and reasonable treatment and equal employment opportunity as set out in the *Public Administration Act 2004*. Selection processes ensure the applicants are assessed fairly and equitably against specified selection criteria.

VEWH staff abide by the values and employment principles of DELWP, as set out in relevant policies and procedures. VEWH staff conduct themselves in accordance with the *Code of Conduct for Victorian Public Service Employees*.

### Valuing our people

The VEWH values its staff well-being and strives for a constructive workplace culture. In 2018-19, the VEWH developed a culture action plan which incorporate actions from the VEWH's People Strategy and actions identified through the People Matters survey and Organisational Culture Inventory undertaken in 2017-18. In 2019-20, a strategic focus area for the VEWH is to review and update the VEWH People Strategy and strengthen organisational capability.

### Diversity and inclusion

The VEWH recognises DELWP's *Diversity and Inclusion strategy* and program, which includes the reduction of inequality and disadvantage, the sharing of prosperity and the building of stronger more inclusive communities, with opportunities for all. The VEWH is focused on building an inclusive workplace where the full potential of Commissioners and staff is utilised, diversity is valued, and diversity of thought is the catalyst for innovation and service delivery.

The VEWH aligns with the flexible working policies of DELWP and sees working flexibility, such as working remotely, part-time arrangements and job-sharing, as an important component of the desired workplace.

### Performance management

Office staff participated in DELWP's performance management and progression system. The performance management system aims to align the VEWH objectives with employee performance: building and enhancing capability through the planning, management and reward of employee performance.

## 3.2 Comparative workforce data

On 30 June 2019, the VEWH employed 16 staff (13.9 Full Time Equivalent) compared to 16 staff (14.6 FTE) on 30 June 2018.

The proportion of women was 69 percent in 2019 compared to 75 percent on 30 June 2018.

Employees have been correctly classified in workforce data collections.

Table 3.1 Workforce data<sup>1</sup>

Classification	2018-19		2017-18	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive Officers	2	1.2	2	1.2
Project Officers	14	12.7	14	13.4
<b>Total</b>	<b>16</b>	<b>13.9</b>	<b>16</b>	<b>14.6</b>
Men	5	5	4	4
Women	11	8.9	12	10.6
<b>Total</b>	<b>16</b>	<b>13.9</b>	<b>16.0</b>	<b>14.6</b>

<sup>1</sup> All figures reflect employment levels during the last full pay period in June of each year. Excluded are those on leave without pay or absent on secondment and external contractors.

# Other disclosures

## 4.1 Local Jobs First - Victorian Industry Participation Policy

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately. The VEWH is required to apply the Local Job First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for statewide projects, or \$1 million or more for projects in regional Victoria. MPSG applies to all construction projects valued at \$20 million or more. The MPSG guidelines and VIPP guidelines will continue to apply to MPSG applicable and VIPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

In 2018-19, the VEWH did not enter into any contracts to which the Local Jobs First – VIPP and MPSG applies.

## 4.2 Government advertising and expenditure

In 2018-19 the VEWH had no government campaign expenditure.

## 4.3 Consultancy expenditure

The VEWH maintains a register of contracts, including consultancies.

### Consultancies over \$10,000

In 2018-19, there were six consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2018-19 in relation to these consultancies was \$164,966 (excl. GST) and is detailed in Table 4.1.

Table 4.1 Consultancies over \$10,000

Consultant	Purpose of the consultancy	Start Date	End Date	Total Project Fees Approved (Excl GST) \$	Total Expenditure in 2018-19 (Excl GST) \$	Future Expenditure (Excl GST) \$
RMCG	VEWH Commission performance review 2017-18	30/07/2018	31/08/2018	24,545	21,273	nil
Australia River Restoration Centre	Prioritisation Project - Stage 1	7/09/2018	30/06/2019	38,400	37,539	nil
Marsden Jacob Associates Pty Ltd	Trade Review	30/08/2018	28/06/2019	34,000	34,000	nil
Aither Pty Ltd	Environmental water services and charges advice	31/10/2017	31/08/2018	116,863	14,040	nil
Campbell Fitzpatrick	Provision of specialist advice on environmental water deliverability issues	15/02/2019	8/05/2019	28,364	28,364	nil
HLB Mann Judd (VIC) Pty Ltd	VEWH internal audit - Corporate Services	24/10/2018	17/12/2018	29,750	29,750	nil

### Consultancies under \$10,000

In 2018-19, there were seven consultancies engaged during the year, where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2018-19 in relation to these consultancies was \$38,275 (excl. GST).

## 4.4 Information and Communication Technology expenditure

For the 2018-19 reporting period, the VEWH had a total Information and Communications Technology (ICT) expenditure of \$149,416, with the details shown in Table 4.2.

Table 4.2 ICT expenditure

All operational ICT expenditure - Business as usual (BAU)	ICT expenditure relating to projects to create or enhance ICT capabilities - Non-business as usual	
	Operational expenditure	Capital expenditure
\$142,348	\$7,068	\$0

'ICT expenditure' refers to the VEWH's costs in providing business-enabling ICT services within the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.

'Non-BAU ICT expenditure' relates to extending or enhancing the VEWH's current ICT capabilities. 'BAU ICT expenditure' is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

## 4.5 Major contracts

The VEWH did not enter into any contracts greater than \$10 million in value during 2018-19.

## 4.6 Freedom of information

The *Freedom of Information Act 1982* allows public access to documents held by government entities such as the VEWH. A person can make a Freedom of Information (FOI) request by writing to DELWP's Freedom of Information Manager, on the contact details below:

### FOI & Privacy Unit

Department of Environment, Land, Water and Planning  
PO Box 500  
East Melbourne Vic 8002  
foi.unit@delwp.vic.gov.au

An application fee of \$29.60 applies.

The VEWH's Authorised Officer is DELWP's Freedom of Information Manager. The Authorised Officer will determine whether to release requested documents.

The VEWH did not receive any FOI requests in this reporting period.



## SECTION FOUR

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### 4.7 Building Act 1993

The VEWH does not own or control any governmental buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

### 4.8 Competitive Neutrality Policy

Competitive neutrality requires government to ensure where services compete, or potentially compete, with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government business with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

The VEWH continues to comply with the requirements of the Competitive Neutrality Policy.

### 4.9 Protected Disclosures Act 2012

#### **Compliance with the *Protected Disclosures Act 2012***

The *Protected Disclosure Act 2012* (PD Act) enables people to make disclosures about improper conduct by public officers and public bodies. The VEWH is a 'public body' for the purposes of the PD Act.

#### **What is a 'protected disclosure'?**

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. Improper or corrupt conduct involves substantial:

- mismanagement of public resources; or
- risk to public health or safety or the environment; or
- corruption.

#### **How do I make a 'Protected Disclosure'?**

You can make a protected disclosure about the VEWH or its Commission, officers or employees by contacting DELWP or the Independent Broad-based Anti-Corruption Commission on the contact details provided below. Please note that the VEWH is not able to receive protected disclosures.

The VEWH applies DELWP's established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about the VEWH or its employees. You can access DELWP's procedures on its website at:

**[www2.delwp.vic.gov.au/our-department/protected-disclosures](http://www2.delwp.vic.gov.au/our-department/protected-disclosures)**

#### **Contacts**

Protected Disclosure Coordinator  
Department of Environment, Land, Water and Planning  
PO Box 500  
East Melbourne Vic 8002  
Telephone: 1800 903 877  
email: [protected.disclosures@delwp.vic.gov.au](mailto:protected.disclosures@delwp.vic.gov.au)

or:

**The Independent Broad-based Anti-corruption Commission (IBAC)**

Level 1, North Tower  
459 Collins Street  
Melbourne Vic 3000  
GPO Box 24234, Melbourne, VIC 3001  
Telephone: 1300 735 135  
Website: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures.

## 4.10 Compliance with the enabling legislation

### Water Act

The VEWH's compliance against the *Water Act 1989* is summarised in 1.4 of this report.

### Public Administration Act

The *Public Administration Act 2004* provides a framework for good governance in the Victorian public sector and in public administration generally in Victoria. The VEWH operates in line with the standards detailed in the *Public Administration Act 2004*.

## 4.11 Office-based environmental impacts

The VEWH office integrates environmental sustainability into its decision-making and operates within DELWP's Environmental Management System (EMS). The EMS reduces impact on the environment from office-based activities related to water, energy and paper consumption, waste production, transport and purchasing.

The VEWH prefers to purchase paper stock with a recycled content of 80 percent and encourages practices to reduce paper consumption, such as default duplex printing and use of mobile devices which enable on-screen reading.

As the office is co-located with DELWP at 8 Nicholson Street, East Melbourne, the VEWH does not collect its own environmental impact data. A full report on the environmental impact of 8 Nicholson Street is available from DELWP's *Annual Report 2018-19*.

## 4.12 Availability of other information

### Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by the VEWH and are available on request subject to provisions of the *Freedom of Information Act 1982*:

- details of publications produced by the VEWH about the activities of the VEWH and how these can be obtained
- details of major promotional, public relations and marketing activities undertaken by the VEWH to develop community awareness of the services provided by the VEWH
- details of major external reviews carried out on the VEWH
- a statement that declarations of pecuniary interests have been duly completed by all relevant officers of the VEWH.

## SECTION FOUR

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The information is available on request from:

**Chief Executive Officer, Victorian Environmental Water Holder**

Telephone: (03) 9637 8951

Email: [general.enquiries@vewh.vic.gov.au](mailto:general.enquiries@vewh.vic.gov.au)

### Information that is not applicable to the VEWH

The following information is not relevant to the VEWH for the reasons set out below:

- a declaration of shares held by senior officers (No shares have ever been issued by the VEWH).
- details of overseas visits undertaken (No Commission members or senior executives took overseas work-related trips).

## 4.13 Financial management compliance attestation

### Victorian Environmental Water Holder Financial Management Compliance Attestation Statement

I, Christopher Chesterfield, on behalf of the Commission of the Victorian Environmental Water Holder, certify that the Victorian Environmental Water Holder has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

Christopher Chesterfield



Chairperson  
Victorian Environmental Water Holder

30 September 2019



# Financial statements

- 30 June 2019



## SECTION FIVE

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## Chairperson's, Accountable Officers' and Chief Finance Officer's declaration

The attached financial statements for the Victorian Environmental Water Holder (VEWH) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of VEWH at 30 June 2019.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial report for issue on 16 September 2019.

Christopher Chesterfield  
Chairperson



Sarina Loo  
Co-Chief  
Executive officer



Beth Ashworth  
Co-Chief  
Executive Officer



Rowan Jennion  
Chief Finance Officer



## SECTION FIVE

### Comprehensive operating statement for the financial year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Income from transactions</b>			
Government grants	2.1	<b>8,329,997</b>	8,427,391
Sale of water allocation	2.1	<b>4,861,725</b>	1,924,535
Interest	2.1	<b>110,100</b>	106,110
<b>Total income from transactions</b>		<b>13,301,822</b>	10,458,036
<b>Expenses from transactions</b>			
Environmental water holdings and transaction expenses	3.4	<b>(6,541,731)</b>	(6,535,185)
Grants	3.3	<b>(2,729,804)</b>	(1,917,576)
Employee expenses	3.1	<b>(2,166,564)</b>	(1,841,708)
Supplies and services	3.5	<b>(1,161,710)</b>	(1,147,304)
<b>Total expenses from transactions</b>		<b>(12,599,809)</b>	(11,441,773)
<b>Net result from transactions (net operating balance)</b>		<b>702,013</b>	(983,737)
<b>Other economic flows included in net result</b>			
Other gains/(losses) from other economic flows	3.1.1(b)	<b>(3,857)</b>	(5,893)
<b>Total other economic flows included in net result</b>		<b>(3,857)</b>	(5,893)
<b>Comprehensive result</b>		<b>698,156</b>	(989,630)

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

## Balance sheet as at 30 June 2019

	Notes	2019 \$	2018 \$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	5.1	<b>11,177,387</b>	9,396,288
Receivables	4.1	<b>898,229</b>	819,536
<b>Total financial assets</b>		<b>12,075,616</b>	10,215,824
<b>Non-financial assets</b>			
Prepayments	4.2	<b>39,299</b>	41,382
<b>Total non-financial assets</b>		<b>39,299</b>	41,382
<b>Total assets</b>		<b>12,114,915</b>	10,257,206
<b>Liabilities</b>			
Payables	4.3	<b>1,360,146</b>	305,668
Employee related provisions	3.1.1	<b>565,547</b>	460,472
<b>Total liabilities</b>		<b>1,925,693</b>	766,140
<b>Net assets</b>		<b>10,189,222</b>	9,491,066
<b>Equity</b>			
Accumulated surplus		<b>10,189,222</b>	9,491,066
<b>Net worth</b>		<b>10,189,222</b>	9,491,066
Commitments for expenditure	5.2		
Contingent assets and contingent liabilities	6.3		

The balance sheet should be read in conjunction with the notes to the financial statements.

## SECTION FIVE

### Cash flow statement for the financial year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		<b>8,232,448</b>	8,424,554
Receipts from other entities		<b>4,861,725</b>	1,924,535
Interest received		<b>110,100</b>	106,110
<b>Total receipts</b>		<b>13,204,273</b>	10,455,199
<b>Payments</b>			
Payments of grants and other transfers		<b>(2,732,230)</b>	(2,050,774)
Payments to suppliers and employees		<b>(8,712,567)</b>	(9,382,854)
Net GST received/(paid) to the ATO		<b>21,623</b>	(44,235)
<b>Total payments</b>		<b>(11,423,174)</b>	(11,477,863)
<b>Net cash flows from/(used in) operating activities</b>	5.1	<b>1,781,099</b>	(1,022,664)
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investments		<b>0</b>	6,950,000
<b>Net cash flows from investing activities</b>		<b>0</b>	6,950,000
<b>Net increase in cash and cash equivalents</b>		<b>1,781,099</b>	5,927,336
Cash and cash equivalents at the beginning of the financial year		<b>9,396,288</b>	3,468,952
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>11,177,387</b>	9,396,288

The cash flow statement should be read in conjunction with the notes to the financial statements.

### Statement of changes in equity for the financial year ended 30 June 2019

	Accumulated surplus \$	Total \$
<b>Balance at 1 July 2017</b>	<b>10,482,252</b>	<b>10,482,252</b>
Leave provision correction	(1,556)	(1,556)
Comprehensive result	(989,630)	(989,630)
<b>Balance as at 30 June 2018</b>	<b>9,491,066</b>	<b>9,491,066</b>
Comprehensive result	698,156	698,156
<b>Balance as at 30 June 2019</b>	<b>10,189,222</b>	<b>10,189,222</b>

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

## Notes to the financial statements

### 1. About this report

The Victorian Environmental Water Holder (VEWH) is an independent, statutory office of the State of Victoria. A description of the nature of its operations and its principal activities is included in the Report of operations, which does not form part of these financial statements. Its principal address is:

Victorian Environmental Water Holder  
8 Nicholson Street  
East Melbourne 3002

#### 1.1 Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements, such as employee benefits provisions. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

#### 1.2 Compliance

These general purpose financial statements have been prepared on a going concern basis and in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS), which include Interpretations issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.



## 2. Funding the delivery of our services

### Introduction

The VEWH's overarching objective is to manage Victoria's environmental water holdings. To enable the VEWH to fulfil its objectives, it receives income predominately from government grants. The VEWH can also sell water allocation to contribute to meeting its objectives.

### Structure

2.1 Income that funds the delivery of services

### 2.1 Income that funds the delivery of services:

	2019 \$	2018 \$
<b>Government grants</b>		
Grants from DELWP	<b>6,490,000</b>	6,750,000
Grants from Commonwealth	<b>1,839,997</b>	1,677,391
<b>Total government grants</b>	<b>8,329,997</b>	8,427,391
<b>Sale of water allocation</b>		
Sale of water allocation	<b>4,861,725</b>	1,924,535
<b>Total sale of water allocation</b>	<b>4,861,725</b>	1,924,535
<b>Interest</b>		
Interest from cash, deposits and investments	<b>110,100</b>	106,110
<b>Total interest</b>	<b>110,100</b>	106,110

Income from grants is recognised when the VEWH gains control over the contribution. For reciprocal grants, the VEWH is deemed to have assumed control when the Commission is satisfied its performance obligations under the terms of the grant have been met. For non-reciprocal grants, the Commission is deemed to have assumed control when the grant is receivable or received. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

The sale of water allocations is recognised as income when the VEWH no longer has ownership nor control of the water allocations. The total sale price is recorded, gross of any transaction costs that are recorded separately.

Interest income includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

### 3. The cost of delivering services

#### Introduction

This section provides an account of the expenses incurred by the VEWH in the delivery of its objectives.

#### Structure

- 3.1 Employee expenses
  - 3.1.1 Employee related provisions
    - 3.1.1 (a) Movement in provisions for on-costs
    - 3.1.1 (b) Other gains and losses from Other Economic Flows
  - 3.1.2 Superannuation contributions
- 3.2 Responsible persons, remuneration of executives, and related parties
- 3.3 Grants expenses
- 3.4 Environmental water holdings and transaction expenses
- 3.5 Supplies and services
  - 3.5.1 Audit fees

#### 3.1 Employee expenses

	2019 \$	2018 \$
<b>Employee expenses</b>		
Salary and wages	<b>(1,675,918)</b>	(1,398,384)
Superannuation	<b>(171,627)</b>	(144,323)
Annual and long service leave	<b>(203,173)</b>	(197,576)
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	<b>(115,846)</b>	(99,825)
Termination benefits	<b>0</b>	(1,600)
<b>Total employee expenses</b>	<b>(2,166,564)</b>	(1,841,708)

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments, and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. The VEWH does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment.

### 3. The cost of delivering services (continued)

#### 3.1.1 Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2019 \$	2018 \$
<b>Current provisions</b>		
<b>Employee benefits – annual leave</b>		
Unconditional and expected to be settled within 12 months <sup>(i)</sup>	<b>198,504</b>	195,193
Unconditional and expected to be settled after 12 months <sup>(ii)</sup>	<b>12,368</b>	7,301
<b>Employee benefits – long service leave</b>		
Unconditional and expected to be settled within 12 months <sup>(i)</sup>	<b>53,463</b>	45,631
Unconditional and expected to be settled after 12 months <sup>(ii)</sup>	<b>153,466</b>	129,383
<b>Total employee benefits</b>	<b>417,801</b>	377,508
<b>Provisions for on-costs (Note 3.1.1(a))</b>		
Unconditional and expected to be settled within 12 months <sup>(i)</sup>	<b>39,886</b>	38,122
Unconditional and expected to be settled after 12 months <sup>(ii)</sup>	<b>26,252</b>	21,637
<b>Total provision for on-costs</b>	<b>66,138</b>	59,759
<b>Total current provisions</b>	<b>483,939</b>	437,267
<b>Non-current provisions</b>		
Employee benefits <sup>(i)(ii)</sup>	<b>70,455</b>	20,034
Provisions for on-costs <sup>(ii)</sup>	<b>11,153</b>	3,171
<b>Total non-current provisions</b>	<b>81,608</b>	23,205
<b>Total provisions</b>	<b>565,547</b>	460,472

<sup>(i)</sup> The amounts disclosed are nominal amounts.

<sup>(ii)</sup> The amounts disclosed are discounted to present values.

### 3. The cost of delivering services (continued)

#### 3.1.1(a) Movement in provisions for on-costs

Provisions for on-costs such as payroll tax, workers' compensation and superannuation are recognised separately from provision for employee benefits.

	<b>On-costs 2019 \$</b>
<b>Opening balance</b>	<b>62,930</b>
Additional provisions recognised	<b>335,736</b>
Reduction arising from payments/other sacrifices of future economic benefits	<b>(320,777)</b>
Reductions resulting from re-measurement or settlement without cost	<b>13</b>
Unwind of discount and effect of changes in the discount rate	<b>(611)</b>
<b>Closing balance</b>	<b>77,291</b>
Current	<b>66,138</b>
Non-current	<b>11,153</b>
<b>Total</b>	<b>77,291</b>

#### ***Wages and salaries, annual leave and sick leave***

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the VEWH does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the VEWH expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the VEWH does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

#### ***Long service leave***

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even when the VEWH does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if the VEWH expects to wholly settle within 12 months; and
- present value – if the VEWH does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

### 3. The cost of delivering services (continued)

#### 3.1.1(b) Other gains and losses from Other Economic Flows

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

#### 3.1.2 Superannuation contributions

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the VEWH are as follows:

Fund	Paid contributions for the year		Contributions outstanding at year end	
	2019 \$	2018 \$	2019 \$	2018 \$
<b>Contribution plans:</b>				
Victorian Superannuation Fund – Vic Super Scheme	<b>101,813</b>	80,868	<b>538</b>	552
Various other	<b>69,788</b>	62,477	<b>415</b>	426
<b>Total</b>	<b>171,601</b>	143,345	<b>952</b>	978

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the VEWH.

### 3.2 Responsible persons, remuneration of executives, and related parties

#### Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

The names of persons who held the positions of minister, responsible persons and accountable officers of the VEWH were:

Minister for Water.....	Hon Lisa Neville MP.....	1 July 2018 to 30 June 2019
Chairperson .....	Denis Flett.....	1 July 2018 to 30 June 2019
Deputy Chairperson.....	Geoffrey Hocking .....	1 July 2018 to 30 June 2019
Commissioner .....	Christopher Chesterfield .....	1 July 2018 to 30 June 2019
Commissioner .....	Rueben Berg .....	1 July 2018 to 30 June 2019
Co-Chief Executive Officer....	Beth Ashworth .....	23 May 2019 to 30 June 2019
Co-Chief Executive Officer....	Sarina Loo .....	23 May 2019 to 30 June 2019

The accountable officer role was performed by the Chairperson from 1 July 2018 to 22 May 2019. After this date the Co-Chief Executive Officers were appointed and assumed the role of accountable officer.

### 3. The cost of delivering services (continued)

#### Remuneration

The number of responsible persons, and their total remuneration received or receivable from the VEWH in connection with the management of the VEWH during the reporting period, are shown in the table below.

	2019 No.	2018 No.
<b>Income band <sup>(i)</sup></b>		
\$10,000 - \$19,999	2	0
\$30,000 - \$39,999	3	3
\$120,000 - \$129,999	1	1
<b>Total number of responsible persons</b>	<b>6</b>	<b>4</b>
<b>Total remuneration</b>	<b>\$ 255,694</b>	<b>\$ 225,279</b>

<sup>(i)</sup> Income bands and total remuneration for 2018 have been updated to reflect more accurate calculation of total remuneration package received.

The remuneration above excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

#### Remuneration of executive officers

The VEWH did not have any executive officers that meet the disclosure definition of FRD 21C *Disclosures of responsible persons and executive officers in the financial report*, other than responsible persons, during the reporting period.

#### Related parties

The VEWH is a wholly owned and controlled entity of the State of Victoria.

Related parties of the VEWH include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

#### Key Management Personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the VEWH. Key management personnel of the VEWH includes all Responsible Persons as listed above.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

## 3. The cost of delivering services (continued)

	2019 \$	2018 \$
<b>Compensation of KMPs<sup>(i)</sup></b>		
Short-term benefits	<b>231,628</b>	204,179
Post-employment benefits	<b>21,048</b>	18,608
Other long-term benefits	<b>3,018</b>	2,491
<b>Total remuneration</b>	<b>255,694</b>	225,279

<sup>(i)</sup> Compensation categories for 2018 have been updated to reflect more accurate calculation of total remuneration package received.

Remuneration comprises employee benefits (as defined in AASB119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis and is disclosed in the following categories:

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment is ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

**Transactions and balances with key management personnel and other related parties**

During the year, outside of normal citizen type transactions with the VEWH, there were no related party transactions that involved key management personnel, their close family members and their personal business interests (2018: Nil). No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

**Significant transactions with government-related entities**

The VEWH received operating grants from the following government related entities. Funding agreements allocated a share of the environmental contribution collected by the State to the VEWH.

	2019 \$	2018 \$	
<b>Receipts during the year</b>			
Department of Environment, Land, Water and Planning	for managing VEWH's environmental water entitlements.	<b>3,237,214</b>	3,845,125
Department of Environment, Land, Water and Planning	for VEWH staff costs and administration.	<b>3,252,786</b>	2,904,875
<b>Receivables and accruals at 30 June</b>			
Department of Environment, Land, Water and Planning		<b>533,091</b>	402,380

### 3. The cost of delivering services (continued)

The VEWH entered into agreements and made payments to the following government related entities. These agreements were on normal terms and conditions.

		2019 \$	2018 \$
<b>Payments made during the year</b>			
Department of Environment, Land, Water and Planning	for managing a range of projects to improve environmental water management and outcomes.	<b>1,460,000</b>	0
Department of Premier and Cabinet	for secondment of staff.	<b>12,850</b>	0
Department of Treasury and Finance	for shared service vehicle hire.	<b>14,855</b>	15,162
Victorian Government Solicitor's Office	for legal advice during the year.	<b>4,390</b>	0
Victorian Managed Insurance Authority	for insurance coverage for the year.	<b>47,432</b>	45,557

The VEWH entered into agreements for payments to government related catchment management authorities and water corporations. Payments were to facilitate various environmental water activities across the state, including water delivery, monitoring, metering and/or technical projects. These agreements were on normal terms and conditions.

		2019 \$	2018 \$
<b>Payments made during the year</b>			
Corangamite Catchment Management Authority		<b>75,602</b>	164,876
East Gippsland Catchment Management Authority		<b>0</b>	3,000
Glenelg Hopkins Catchment Management Authority		<b>145,441</b>	164,365
Goulburn Broken Catchment Management Authority		<b>164,625</b>	107,623
Goulburn Murray Rural Water Corporation <sup>(i)</sup>		<b>619,015</b>	521,446
Grampians Wimmera Mallee Water Corporation <sup>(i)</sup>		<b>436,910</b>	719,827
Mallee Catchment Management Authority		<b>394,057</b>	945,034
North Central Catchment Management Authority		<b>248,832</b>	838,170
North East Catchment Management Authority		<b>0</b>	3,000
West Gippsland Catchment Management Authority		<b>38,920</b>	35,943
Wimmera Catchment Management Authority		<b>54,304</b>	15,000



### 3. The cost of delivering services (continued)

The VEWH holds water entitlements and is allocated a share of available water. Payments were made to the following government related water corporations for storage and headwork charges, allocation carryover fees and/or water deliveries. Rates are set by corporations and approved by the Victorian Essential Services Commission.

	2019 \$	2018 \$
<b>Payments made during the year</b>		
Central Highlands Region Water Corporation	<b>40,569</b>	39,744
Gippsland and Southern Rural Water Corporation	<b>340,571</b>	317,813
Goulburn Murray Rural Water Corporation <sup>(i)</sup>	<b>4,151,425</b>	4,040,889
Grampians Wimmera Mallee Water Corporation <sup>(i)</sup>	<b>643,756</b>	604,845
Lower Murray Urban and Rural Water Corporation	<b>23,514</b>	54,099
Melbourne Water Corporation	<b>30,855</b>	3,000
<b>Payables and accruals at 30 June</b>		
Barwon Water	<b>300,000</b>	0
Gippsland and Southern Rural Water Corporation	<b>11,896</b>	14,019
Goulburn Murray Rural Water Corporation	<b>619,015</b>	0
Grampians Wimmera Mallee Water Corporation	<b>173,785</b>	196,250
Lower Murray Urban and Rural Water Corporation	<b>128,246</b>	21,222
Melbourne Water Corporation	<b>0</b>	10,155

<sup>(i)</sup> Goulburn Murray Rural Water and Grampians Wimmera Mallee Water Corporation are included in two tables as VEWH made payments for environmental water activities (ie. metering), as well as storage, headwork and delivery.

#### 3.3 Grants expenses

	2019 \$	2018 \$
<b>Grants</b>		
Grants to water corporations	<b>(397,191)</b>	(673,833)
Grants to catchment management authorities	<b>(816,253)</b>	(1,293,743)
Grants to DELWP for specific projects	<b>(1,480,000)</b>	0
Grants to Commonwealth	<b>(36,360)</b>	50,000
<b>Total grants</b>	<b>(2,729,804)</b>	(1,917,576)

The VEWH grants are operating in nature, provided as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use. Grants expenses are recognised in the reporting period in which they are paid or payable.

### 3. The cost of delivering services (continued)

#### 3.4 Environmental water holdings and transaction expenses

	2019 \$	2018 \$
<b>Environmental water holdings and transaction expenses</b>		
Water storage	<b>(4,812,082)</b>	(4,682,140)
Delivery fees	<b>(1,392,078)</b>	(1,839,359)
Water purchases	<b>(320,700)</b>	(10,155)
General delivery expenses (including statutory fees)	<b>(16,871)</b>	(3,531)
<b>Total environmental water holdings and transaction expenses</b>	<b>(6,541,731)</b>	(6,535,185)

Environmental water holdings and operating transactions are recognised in the reporting period in which they are paid or payable. These include transactions such as headwork charges, including associated spillable water charges and transaction costs associated with water allocation transfers and trades.

#### 3.5 Supplies and services

	2019 \$	2018 \$
<b>Supplies and services</b>		
Contract and professional services	<b>(612,289)</b>	(548,278)
General expenses	<b>(136,032)</b>	(185,403)
Office and accommodation	<b>(168,595)</b>	(114,014)
IT expenses	<b>(111,011)</b>	(110,906)
Travel and subsistence	<b>(68,054)</b>	(84,184)
Community awareness and publicity	<b>(18,307)</b>	(62,097)
Motor vehicle expenses	<b>(13,837)</b>	(14,785)
Postage and telephone	<b>(22,823)</b>	(14,729)
Office expenses	<b>(10,762)</b>	(12,908)
<b>Total supplies and services</b>	<b>(1,161,710)</b>	(1,147,304)

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

##### 3.5.1 Audit fees

	2019 \$	2018 \$
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	<b>(7,200)</b>	(7,000)
<b>Total Audit Fees</b>	<b>(7,200)</b>	(7,000)

## 4. Other assets and liabilities

### Introduction

This section sets out those assets and liabilities that arose from the VEWH's operations.

### Structure

- 4.1 Receivables
- 4.2 Prepayments
- 4.3 Payables
  - 4.3.1 Maturity analysis of contractual payables

### 4.1 Receivables

	2019 \$	2018 \$
<b>Current receivables</b>		
<b>Contractual</b>		
Trade receivables	1,408	335,211
Amounts owing from DELWP	533,091	402,380
Accrued income	302,160	1,520
<b>Total contractual receivables</b>	<b>836,659</b>	739,111
<b>Statutory</b>		
GST input tax credit recoverable	61,570	80,425
<b>Total statutory receivables</b>	<b>61,570</b>	80,425
<b>Total current receivables</b>	<b>898,229</b>	819,536

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. The VEWH holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

Details about the VEWH's impairment policies, exposure to credit risk, and the calculation of the loss allowance are set out in Note 6.2.1.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The VEWH applies AASB 9 *Financial Instruments* for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

## 4. Other assets and liabilities (continued)

### 4.2 Prepayments

<b>Current Prepayments</b>	<b>2019</b>	2018
	\$	\$
Prepaid Expenses	<b>39,299</b>	41,382
<b>Total prepayments</b>	<b>39,299</b>	41,382

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

### 4.3 Payables

<b>Current payables</b>	<b>2019</b>	2018
	\$	\$
<b>Contractual</b>		
Trade creditors	<b>619,015</b>	0
Other accrued expenses	<b>729,407</b>	291,463
<b>Total contractual payables</b>	<b>1,348,422</b>	291,463
<b>Statutory</b>		
Taxes payable	<b>0</b>	2,034
GST input tax credit payable	<b>11,724</b>	8,957
Superannuation payable	<b>0</b>	3,214
<b>Total statutory payables</b>	<b>11,724</b>	14,205
<b>Total current payables</b>	<b>1,360,146</b>	305,668

Contractual payables are classified as financial instruments and measured at amortised cost. This includes trade creditors and accrued expenses. Trade creditors represents liabilities for goods and services provided to the VEWH prior to the end of the financial year that are unpaid and arise when the VEWH becomes obliged to make future payments in respect of the purchase of those goods and services.

Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, as they do not arise from a contract. This includes as taxes payable and superannuation payable.

## 4. Other assets and liabilities (continued)

### 4.3.1 Maturity analysis of contractual payables

The following table discloses the maturity analysis for the VEWH's contractual payables.

	Carrying amount \$	Nominal amount \$	Maturity dates	
			Less than 1 month \$	More than 1 month \$
<b>2019</b>				
<b>Payables</b>				
Trade creditors	619,015	619,015	619,015	0
Accrued expenses	729,407	729,407	729,407	0
<b>Total</b>	<b>1,348,422</b>	<b>1,348,422</b>	<b>1,348,422</b>	<b>0</b>
<b>2018</b>				
<b>Payables</b>				
Trade creditors	0	0	0	0
Accrued expenses	291,463	291,463	291,463	0
<b>Total</b>	<b>291,463</b>	<b>291,463</b>	<b>291,463</b>	<b>0</b>

The average credit period is 30 days. No interest is charged on the trade creditors or other payables for the first 30 days from the date of the invoice. Thereafter, interest may be charged at differing rates determined by the individual trade arrangements entered.

## 5. How we financed our operations

### Introduction

This section provides information on the sources of finance utilised by the VEWH during its operations.

### Structure

- 5.1 Cash and deposits
- 5.2 Commitments for expenditure

### 5.1 Cash and deposits

	2019 \$	2018 \$
<b>(a) Reconciliation of cash and cash equivalents</b>		
Funds held in trust – cash	<b>4,252,105</b>	3,996,288
Funds held in trust – fund held in deposits (less than three months)	<b>6,925,282</b>	5,400,000
<b>Total cash and deposits disclosed in the balance sheet</b>	<b>11,177,387</b>	9,396,288
<b>Balance per cash flow statement</b>	<b>11,177,387</b>	9,396,288
<b>(b) Reconciliation of net result for the period</b>		
Comprehensive result	<b>698,156</b>	(989,630)
<b>Non-cash movements</b>		
Net gain/(loss) arising from revaluation of long service liability	<b>3,857</b>	5,893
<b>Movements in assets and liabilities</b>		
(Increase)/Decrease in receivables	<b>(78,693)</b>	(47,074)
(Increase)/Decrease in prepayments	<b>2,083</b>	(7,668)
Increase/(Decrease) in payables	<b>1,054,478</b>	12,937
Increase/(Decrease) in provisions	<b>101,218</b>	2,879
<b>Net cash flows from operating activities</b>	<b>1,781,099</b>	(1,022,663)

Cash and deposits, including cash equivalents, comprise of cash on hand, cash at bank and deposits at call with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes and which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

### 5.2 Commitments for expenditure

There are no commitments for expenditure (2018: Nil).

## 6. Risks, contingencies and valuation judgements

### Introduction

The VEWH is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgement to be applied, which relate mainly to fair value determination.

### Structure

- 6.1 Financial instrument specific disclosures
- 6.2 Financial risk management objective and policies
  - 6.2.1 Financial instruments: Credit risk
  - 6.2.2 Financial instruments: Market risks
  - 6.2.3 Financial instruments: Interest rate risk
- 6.3 Contingent assets and liabilities

### 6.1 Financial instrument specific disclosures

#### Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the VEWH's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments.

From 1 July 2018, the VEWH applies AASB 9 and classifies all financial assets based on the VEWH's model for managing the assets and the asset's contractual terms.

#### **Categories of financial assets under AASB 9**

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the VEWH to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment. The VEWH recognises the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables).

#### **Categories of financial assets previously under AASB 139**

Loans, receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment).

## 6. Risks, contingencies and valuation judgements (continued)

The VEWH recognised the following assets in this category:

- cash and deposits; and
- receivables (excluding statutory receivables).

### **Categories of financial liabilities under AASB 9 and previously under AASB 139**

Financial liabilities at amortised cost are initially recognised on the date they originate. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in net result over the period of the interest-bearing liability, using the effective interest method.

The VEWH recognises the following liabilities in this category:

- payables (excluding statutory payables).

### **Derecognition of financial instruments**

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the VEWH retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the VEWH has transferred its rights to receive cash flows from the asset and either:
  - a) has transferred substantially all the risks and rewards of the asset
  - b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the VEWH has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the VEWH's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

### **Reclassification of financial instruments**

Subsequent to initial recognition, reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the VEWH's business model for managing its financial assets has changed such that its previous model would no longer apply.

However, the VEWH is generally unable to change its business model because it is determined by the Performance Management Framework (PMF) and all Victorian government departments are required to apply the PMF under the Standing Directions of the Assistant Treasurer 2018.

### **Categories of financial instruments**

On initial application of AASB 9 on 1 July 2018, the VEWH's management has assessed for all financial assets based on VEWH's business models for managing the assets.



## 6. Risks, contingencies and valuation judgements (continued)

The carrying amounts of the Entity's financial assets and financial liabilities by category are in the table below.

	2019			2018		
	Contractual financial assets at amortised cost \$	Contractual financial liabilities at amortised cost \$	Total \$	Contractual financial assets – loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
<b>Contractual financial assets</b>						
<b>Cash and deposits</b>	<b>11,177,387</b>	<b>0</b>	<b>11,177,387</b>	9,396,288	0	9,396,288
<b>Receivables</b>						
Trade receivables	1,408	0	1,408	335,211	0	335,211
Amounts owing from Vic Gov (current)	533,091	0	533,091	402,380	0	402,380
Accrued income	302,160	0	302,160	1,520	0	1,520
<b>Total contractual financial assets</b>	<b>12,014,046</b>	<b>0</b>	<b>12,014,046</b>	10,135,399	0	10,135,399
<b>Contractual financial liabilities</b>						
<b>Payables</b>						
Trade creditors	0	619,015	619,015	0	0	0
Other accrued expenses	0	729,407	729,407	0	291,463	291,463
<b>Total contractual financial liabilities</b>	<b>0</b>	<b>1,348,422</b>	<b>1,348,422</b>	0	291,463	291,463

### 6.2 Financial risk management objective and policies

The VEWH's principal financial instruments comprise of:

- cash and deposits;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables).

The main purpose in holding financial instruments is to prudentially manage the VEWH's business in the government policy parameters. The VEWH manages this financial risk in accordance with its financial risk management policy.

#### 6.2.1 Financial instruments: Credit risk

Credit risk arises from the contractual financial assets of the VEWH's debtors. Credit risk associated with the VEWH's contractual financial assets is minimal because the main debtors are the Victorian and Commonwealth Governments. For debtors other than governments, it is the VEWH's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements, where appropriate.

## 6. Risks, contingencies and valuation judgements (continued)

### ***Impairment of financial assets under AASB 9 – applicable from 1 July 2018***

From 1 July 2018, the VEWH adopted AASB 9's Expected Credit Loss approach to recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach.

The VEWH applies the AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates.

As of 30 June 2019, the VEWH did not have trade receivables past due (2018: Nil). On this basis, the VEWH determined no allowance for expected credit loss on initial application date of AASB 9 and at end of the financial year.

### **6.2.2 Financial instruments: Market risk**

The VEWH's exposures to market risk are primarily through interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The VEWH has minimal exposure to cash flow interest rate risks through its cash at bank.

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The VEWH does not hold any interest-bearing financial instruments that are measured at fair value and therefore has no exposure to fair value interest rate risk.

## 6. Risks, contingencies and valuation judgements (continued)

### 6.2.3 Financial instruments: Interest rate risk

	Weighted average interest rate %	Carrying amount <sup>(1)</sup> \$	Interest rate exposure		
			Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
<b>2019</b>					
<b>Contractual financial assets</b>					
Cash and deposits	1.65	11,177,387	0	6,925,282	4,252,105
Trade receivables		1,408	0	0	1,408
Amounts owing from Vic Gov (current)		533,091	0	0	533,091
Accrued income		302,160	0	0	302,160
<b>Total</b>		<b>12,014,046</b>	<b>0</b>	<b>6,925,282</b>	<b>5,088,764</b>
<b>Contractual financial liabilities</b>					
Trade creditors		619,015	0	0	619,015
Accrued expenses		729,407	0	0	729,407
<b>Total</b>		<b>1,348,422</b>	<b>0</b>	<b>0</b>	<b>1,348,422</b>
<b>2018</b>					
<b>Contractual financial assets</b>					
Cash and deposits	1.45	9,396,288	0	5,400,000	3,996,288
Trade receivables		335,211	0	0	335,211
Amounts owing from Vic Gov (current)		402,380	0	0	402,380
Accrued income		1,520	0	0	1,520
<b>Total</b>		<b>10,135,399</b>	<b>0</b>	<b>5,400,000</b>	<b>4,735,399</b>
<b>Contractual financial liabilities</b>					
Trade creditors		0	0	0	0
Other accrued expenses		291,463	0	0	291,463
<b>Total</b>		<b>291,463</b>	<b>0</b>	<b>0</b>	<b>291,463</b>

<sup>(1)</sup> The fair value of all financial instruments the VEWH holds are considered to be the same as the carrying amount.

## 6. Risks, contingencies and valuation judgements (continued)

### 6.2.3 (a) Interest rate sensitivity analysis and assumptions

Reviewing past account performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, the VEWH believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from the Reserve Bank of Australia):

- A parallel shift of +0.5 percent and -0.5 percent in market interest rates (AUD) from year-end rates.

	Carrying amount \$	Interest rate sensitivity	
		-0.5% -50 basis points Net result \$	0.5% 50 basis points Net result \$
<b>2019</b>			
<b>Contractual financial assets</b>			
Cash and deposits <sup>(i)</sup>	11,177,387	(55,887)	55,887
<b>Total</b>	<b>11,177,387</b>	<b>(55,887)</b>	<b>55,887</b>
<b>2018</b>			
<b>Contractual financial assets</b>			
Cash and deposits <sup>(i)</sup>	9,396,288	(46,981)	46,981
<b>Total</b>	<b>9,396,288</b>	<b>(46,981)</b>	<b>46,981</b>

<sup>(i)</sup> The analysis amount is calculated with reference to the amount of cash subjected to variable interest rates.

### 6.3 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There are no contingent assets or contingent liabilities (2018: Nil).

## 7. Other disclosures

### Introduction

This section includes additional material disclosures, required by accounting standards or otherwise, for the understanding of this financial report.

### Structure

- 7.1 Subsequent events
- 7.2 Reclassification of financial information
- 7.3 Australian Accounting Standards issued that are not yet effective
- 7.4 Ex-Gratia expenses

### 7.1 Subsequent events

The Commissioners' terms concluded on 30 June 2019 and a new Commission was appointed on 1 July 2019. Existing members Christopher Chesterfield and Rueben Berg were reappointed, and Peta Maddy and Jennifer Fraser newly appointed.

The VEWH is not aware of any other circumstances that have arisen, or information that has become available between 30 June 2019 and the date of final approval of this general purpose financial report that qualifies for inclusion as a post balance date event.

### 7.2 Reclassification of financial information

Where the presentation or classification of items in the financial statements changes, the comparative amounts are also reclassified unless it is impractical to do so. The nature, amount and reason for the reclassification is also disclosed. If the reclassification affects an item on the balance sheet, a third statement of financial position is also presented.

### 7.3 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing on or after 1 July 2019, and have been assessed as applicable to the VEWH's financial report:

- AASB 15 *Revenue from Contract with Customers*; and
- AASB 1058 *Income of Not-for-Profit Entities*.

The following AASs become effective for reporting periods commencing on or after 1 July 2019. These have been assessed as not applying and having no impact to the VEWH's financial report:

- AASB 16 *Leases*; and
- AASB 1059 *Service Concession Arrangements: Grantor*.

### **Revenue and Income**

AASB 15 supersedes AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 establishes a five-step model to account for revenue arising from an enforceable contract that imposes a sufficiently specific performance obligation on an entity to transfer goods or services. AASB 15 requires entities to only recognise revenue upon the fulfilment of the performance obligation. Therefore, entities need to allocate the transaction price to each performance obligation in a contract and recognise the revenue only when the related obligation is satisfied.

## 7. Other disclosures (continued)

To address specific concerns from the 'not-for-profit' sector in Australia, the AASB also released the following standards and guidance:

- AASB 2016-8 *Amendments to Australian Accounting Standards – Australian implementation guidance for NFP entities* (AASB 2016-8), to provide guidance on application of revenue recognition principles under AASB 15 in the not-for-profit sector.
- AASB 2018-4 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors* (2018-4), to provide guidance on how to distinguish payments receive in connection with the access to an asset (or resource) or to enable other parties to perform activities as tax and non-IP licence.
- AASB 1058 *Income of Not-for-Profit Entities*, to supplement AASB 15 and provide criteria to be applied by not-for-profit entities in establishing the timing of recognising income for government grants and other types of contributions previously contained within AASB 1004 *Contributions*.

The VEWH will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

The VEWH has performed a detailed impact assessment of AASB 15 and AASB 1058 and the potential impact for each major class of revenue and income in the initial year of application. It has been estimated that there will be no impact on all major classes of revenue and income and no deferral on the balance sheet.

### 7.4 Ex-Gratia Expenses

Ex-gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write-off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

The VEWH incurred no ex-gratia expenses (2018: Nil).

## Auditor-General's Report



## Independent Auditor's Report

*To the Commissioners of the Victorian Environmental Water Holder***Opinion**

I have audited the financial report of the Victorian Environmental Water Holder which comprises the:

- balance sheet as at 30 June 2019
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- Chairperson's, Accountable Officers' and Chief Finance Officer's declaration.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Environmental Water Holder as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

**Basis for Opinion**

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the Victorian Environmental Water Holder in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Commissioners' responsibilities for the financial report**

The Commissioners of the Victorian Environmental Water Holder are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Commissioners are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

## Auditor-General's Report

### **Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners
- conclude on the appropriateness of the Commissioners' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioners regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE  
18 September 2019



Paul Martin  
*as delegate for the Auditor-General of Victoria*



# Appendices

## Appendix 1 - Disclosure index

The annual report of the Victorian Environmental Water Holder (VEWH) is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the VEWH's compliance with statutory disclosure requirements.

<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
<b>Report of operations</b>		
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the responsible Minister/s	Page 3
FRD 22H	Objectives, functions, powers and duties	Page 3
FRD 22H	Key initiatives and projects	Page 10
FRD 22H	Nature and range of services provided	Page 4
<b>Management and structure</b>		
FRD 22H	Organisational structure & Governing board	Page 32
<b>Financial and other information</b>		
FRD 10A	Disclosure index	Page 74
FRD 12B	Disclosure of major contracts	Page 39
FRD 22H	Employment and conduct principles	Page 37
FRD 22H	Occupational Health and Safety	Page 36
FRD 22H	Summary of the financial results for the year	Page 30
FRD 22H	Significant changes in financial position during the year	Page 30
FRD 22H	Significant changes or factors affecting performance	Page 30
FRD 22H	Subsequent events	Page 31
FRD 22H	Application and operation of Freedom of Information Act 1982	Page 39
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	Page 40
FRD 22H	Statement on Competitive Neutrality Policy	Page 40
FRD 22H	Application and operation of the Protected Disclosure Act 2012	Page 40
FRD 22H	Details of consultancies over \$10 000	Page 38
FRD 22H	Details of consultancies under \$10 000	Page 39
FRD 22H	Disclosure of government advertising expenditure	Page 38
FRD 22H	Disclosure of ICT expenditure	Page 39
FRD 22H	Statement of availability of other information	Page 41
FRD 24C	Reporting of office based environmental impacts	Page 41
FRD 25D	The Local Jobs First Act 2003	Page 38
FRD 29C	Workforce data Disclosures	Page 37
SD 5.2	Specific requirements under Standing Direction 5.2	Page 2
<b>Compliance attestation and declaration</b>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	Page 42
SD 5.2.3	Declaration in Report of Operations	Page 2

<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
<b>Report of operations</b>		
<b>Financial Statement</b>		
SD 5.2.2	Declaration in Financial Statements	Page 45
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SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Page 49
SD 5.2.1(a)	Compliance with Ministerial Directions	
SD 5.2.1(b)	Compliance with Model Financial Report	
<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 11A	Disclosure of ex gratia payments	Page 71
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	Page 55
FRD 103H	Non-Financial Physical Assets	Page 66
FRD 110A	Cash Flow Statements	Page 48

### **Legislation**

*Building Act 1983*

*Financial Management Act 1994*

*Freedom of Information Act 1982*

*Protected Disclosure Act 2012*

*Public Administration Act 2004*

*Water Act 1989*

*The Local Jobs First Act 2003*

# APPENDICES

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## Appendix 2 – Acronyms and Abbreviations

<b>AAS</b>	Australian Accounting Standards
<b>AASB</b>	Australian Accounting Standards Board
<b>BAU</b>	Business As Usual
<b>BGLC</b>	Barengi Gadjin Land Council
<b>CBS</b>	Centralised Banking System
<b>CEW</b>	Commonwealth Environmental Water
<b>CEWH</b>	Commonwealth Environmental Water Holder
<b>CEWO</b>	Commonwealth Environmental Water Office
<b>CMA</b>	Catchment Management Authority
<b>DELWP</b>	Department of Environment, Land, Water and Planning
<b>DTF</b>	Department of Treasury and Finance
<b>EMS</b>	Environmental Management System
<b>FOI</b>	Freedom of Information
<b>FRD</b>	Financial Reporting Direction
<b>FTE</b>	Full Time Equivalent
<b>GMW</b>	Goulburn Murray Water
<b>IBAC</b>	Independent Broad-based Anti-corruption Commission
<b>ICT</b>	Information and Communications Technology
<b>IP</b>	Intellectual Property
<b>IT</b>	Information Technology
<b>KMP</b>	Key Management Personnel
<b>LSL</b>	Long Service Leave
<b>MDBA</b>	Murray-Darling Basin Authority
<b>ML</b>	Megalitre
<b>MP</b>	Member of Parliament
<b>MPSG</b>	Major Project Skills Guarantee
<b>MW</b>	Melbourne Water
<b>NFP</b>	Not-for-profit
<b>NVIRP</b>	Northern Victoria Irrigation Renewal Project
<b>PD</b>	Protected Disclosure
<b>PMF</b>	Performance Management Framework
<b>POSSUM</b>	Personal and Organisational Safety System for U and Me
<b>PV</b>	Parks Victoria
<b>RAC</b>	Risk and Audit Committee
<b>SCBEWC</b>	Southern Connected Basin Environmental Watering Committee
<b>SD</b>	Standing Direction
<b>TLWCAC</b>	Taungurung Land and Water Council Aboriginal Corporation
<b>TO</b>	Traditional Owner
<b>VEWH</b>	Victorian Environmental Water Holder
<b>VIPP</b>	Victorian Industry Participation Policy
<b>VPSC</b>	Victorian Public Sector Commission
<b>VRFish</b>	Victorian Recreational Fishing Peak Body

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**Acknowledgement of Country**

The Victorian Environmental Water Holder acknowledges Aboriginal Traditional Owners within Victoria, their rich culture and their spiritual connection to Country. The contribution and interests of Aboriginal People and organisations in the management of land and natural resources is also recognised and acknowledged.

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- Front cover: King River, by Natalie Ord
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- Inside back cover: Brolgas at Gaynor Swamp, by Goulburn Broken CMA
- Back cover: White-plumed honeyeaters at Mutton Swamp, by Jenny Stephens





VICTORIAN ENVIRONMENTAL  
WATER HOLDER

T: (03) 9637 8951

E: [general.enquiries@vewh.vic.gov.au](mailto:general.enquiries@vewh.vic.gov.au)

PO Box 500, East Melbourne VIC 8002

8 Nicholson Street, East Melbourne VIC 3002

[vewh.vic.gov.au](http://vewh.vic.gov.au)

