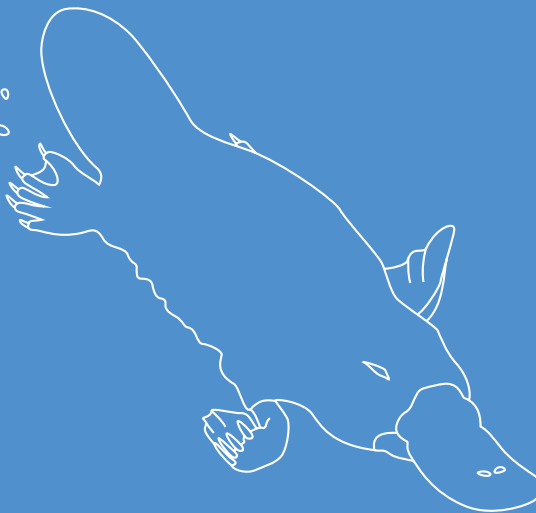




www.vewh.vic.gov.au

Corporate Plan

2019-20 to 2022-23



Acknowledgement of Victoria's Traditional Owners

The Victorian Environmental Water Holder proudly acknowledges Victoria's Aboriginal communities and their rich culture and pays respect to their Elders past and present.

We acknowledge Aboriginal people as Australia's First Peoples and as Traditional Owners and custodians of the land and water on which we rely. We recognise the intrinsic connection of Traditional Owners to Country, and value their ongoing contribution to managing Victorian landscapes. We also recognise and value the contribution of Aboriginal people and communities to Victorian life and how this enriches us.

The VEWH recognises the intersection between environmental flow objectives and outcomes for Traditional Owners and Aboriginal Victorians. We acknowledge the ongoing contribution that Aboriginal people are making to planning and managing water for the environment and the benefits that have resulted from these partnerships.

A strategic focus of this corporate plan is to identify further opportunities for the VEWH and its partners to develop enduring partnerships with Traditional Owners who wish to participate in the management of water for the environment.

The VEWH embraces the spirit of reconciliation, working towards equity and an equal voice for Traditional Owners.



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Foreword

We are pleased to present the Victorian Environmental Water Holder Corporate Plan for 2019-20 to 2022-2023.

This Corporate Plan represents an important time for the VEWH as we enter our ninth year, with a refreshed Commission and a stronger alignment of corporate planning with the Victorian Government's Outcomes Framework. It includes the vision, mission, values and outcomes that define what the organisation stands for and what we are striving to achieve. The VEWH is passionate about supporting healthier waterways – and through implementation of this corporate plan, we will continue to contribute to the health, wellbeing and prosperity of Victorian communities.

Managing water for the environment is a critical element of the Victorian Government's record investment of \$222 million over four years to improve the health of waterways and catchments, which also delivers a range of on-ground works and measures, such as fencing, revegetation and pest control.

The VEWH's unique and niche role is to manage Victoria's environmental water entitlements ('water for the environment') to optimise environmental outcomes for enduring benefit. The VEWH is committed to continuous improvement and aspires that implementation of this corporate plan will help to continue to cement Victoria's leading role as a custodian of water for the environment.

There are several areas of strategic focus in this corporate plan. The first is ensuring water for the environment continues to be as efficient and effective as possible – especially in dry times and amid the uncertainty of climate change. In collaboration with our partners, we are evolving how we prioritise our decisions about water use, carryover and trade to ensure the highest-priority sites and values are being protected, and we are strategically investing trade revenue in projects that improve environmental watering outcomes.

The second area of strategic focus is to strengthen relationships with Traditional Owners, to better incorporate traditional ecological knowledge, protect Aboriginal environmental outcomes and ultimately, to empower Traditional Owners to make decisions about water for the environment.

The third area of strategic focus recognises the importance of having capable people who truly understand local environments, stakeholders and issues. This capability is critical if water for the environment is to continue to deliver positive outcomes for Victorian communities, and the VEWH is committed to protecting and developing this capability.

Our Corporate Plan clearly outlines our duty as an independent statutory body to be transparent, timely and equitable in how we communicate with stakeholders and the broader community. Part of this responsibility is to increase community understanding about water for the environment, and its benefits.

Our robust approach to risk management outlines how we plan to mitigate risk. An important tool is our scenario-based, seasonally adaptive approach to seasonal water planning, which responds to different conditions, and external influences. We will continue to work with our partners to predict, respond to, and learn from incidents and risks, and be mindful of how our decisions may impact on others.

We are pleased to present this Corporate Plan for the future Victorian water for the environment program and for the significant contribution its implementation will make to waterway health.

Denis Flett



Chairperson
30 April 2019

Beth Ashworth



Co-Executive Officer
30 April 2019

Sarina Loo



Co-Executive Officer
30 April 2019



Overview

The Victorian Environmental Water Holder (VEWH) has a niche role – we are the only state-wide organisation working solely in Victoria’s environmental watering program. The VEWH makes decisions on why, where, when and how available water for the environment is used, carried over or traded to get maximum benefit for the state’s waterways (i.e. rivers, wetlands, estuaries and floodplains) and the wildlife that depends on them. This includes decisions about whether to sell water in order to invest the revenue in complementary projects, where it improves the ability to manage the water holdings and the performance of Victoria's environmental watering program.

The VEWH is a business that delivers government objectives and priorities, primarily within the context of the *Water Act 1989*, as well as the policy directions set out in *Water for Victoria – Water Plan (2016)* for the VEWH.

The VEWH’s Corporate Plan 2019-20 to 2022-23 outlines the framework for our future performance and provides clear direction for our ninth year to the end of our twelfth year of operation. This plan includes the vision, mission, values and outcomes that define what the organisation stands for and what we are striving to achieve. Figure 1 provides an overview of this strategic intent.

Figure 1 Overview of strategic intent



In setting ministerial rules and guidelines for the VEWH's corporate plan, the Minister for Water set out clear expectations for the VEWH to use the Victorian Government's Outcome Framework, and to communicate how we will:

- integrate climate change adaptation into decision making across the business
- deliver expected environmental outcomes from environmental watering
- include Aboriginal values and traditional ecological knowledge into water planning
- continue to build extensive and effective community engagement and partnerships in statewide planning and implementation
- develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership.

A summary of the VEWH's plans in relation to each of these areas is summarised below.

Delivering environmental outcomes and climate change adaptation

The VEWH's core business, and the focus of the 'Our Environment' program and outcome, is to ensure that Victoria's environmental water holdings are managed effectively and efficiently to optimise environmental outcomes for enduring benefit. Key elements of this program include:

- making decisions on the most effective use of the Water Holdings, including use, carryover and trade
- liaising with other water holders to ensure coordinated use of all sources of environmental water
- authorising waterway managers to implement watering decisions
- working with storage managers to maximise environmental watering outcomes and to contribute to the optimisation of multiple benefits from the delivery of water
- commissioning targeted projects to demonstrate ecological outcomes of environmental watering at key sites and to improve environmental water management
- investing in complementary works and measures, knowledge, monitoring, research, or other priorities, where it improves the ability to manage the water holdings and the performance of Victoria's environmental watering program.

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.

A key risk for the VEWH and its partners is where expected environmental outcomes cannot be achieved or demonstrated. Key factors exacerbating this risk include natural events such as fire and drought, as well as climate change, land use change and system operation changes. To help manage this risk, the VEWH uses a scenario-based, seasonally adaptive approach in its seasonal watering plan to optimise environmental outcomes under different conditions.

A strategic focus area of the 'Our Environment' program is continuous improvement in how we prioritise our decisions about water use, carryover and trade to ensure the highest-priority sites and values are being protected and to prevent unintended adverse impacts. We are strategically investing trade revenue in projects that improve environmental watering outcomes. We complement the Victorian Environmental Flows Monitoring and Assessment Program with targeted monitoring, metering, research and citizen science to adapt our water management and demonstrate the outcomes achieved. We are working with our partners, including through the Flagship Waterways program, to better communicate the specific outcomes expected from environmental watering and complementary works and measures at key sites.

Community engagement, partnerships and Aboriginal inclusion

Also critical to the VEWH's business, and the focus of the 'Our Community' program and outcome, is for engagement, understanding and contribution of partners, stakeholders and communities in the environmental watering program to be strengthened. Key elements of this program include:

- publicly communicating environmental watering decisions and outcomes
- building and maintaining productive relationships with state-wide stakeholders
- supporting the communication and engagement activities undertaken by our program partners.

Failing to effectively engage stakeholders and communities is a key risk to the VEWH and its partners. This risk is exacerbated by dry conditions, continued contention around the Murray-Darling Basin Plan, and a lack of understanding by some community members around the complexities of water management and the benefits of water for the environment. To help to manage this risk, the VEWH commissioned research into community understanding and perceptions of water for the environment and is implementing and advocating for evidence-based improvements in communication and engagement activities.

A strategic focus of the 'Our Community' program is to increase participation of Traditional Owners in planning and managing water for the environment. We will actively identify and pursue opportunities for the VEWH and its partners to develop enduring partnerships with Traditional Owners, including to gain a greater understanding of how, where and when they can be empowered to make decisions regarding water for the environment.

Culture, diversity and gender equity

The focus of the 'Our Culture' program and outcome is to ensure the VEWH is a highly-capable, well-governed organisation that demonstrates a culture of collaboration, integrity, commitment and initiative.

Insufficient capability and capacity to deliver the environmental watering program is a key risk for the VEWH and our program partners. Key factors exacerbating this risk include the significant impact staff turnover has in a small organisation and reliance on a tranche-based funding source. To help to manage this risk, a strategic focus of the 'Our Culture' program is to develop and implement various organisational/ staff capability, development and retention strategies, including effective induction processes for incoming Commissioners, and input to Environmental Contribution Tranche 5 funding bid processes. This will build on the VEWH's People Strategy 2016, which has the objectives of:

- continuing to foster a motivated and high-performing team
- understanding and help to achieve individual staff members career aspirations, and contribute to broader industry capability
- ensuring the VEWH's capability continues to match the organisation's evolving needs.

The VEWH is committed to cultural diversity in the workforce and gender equity in Executive leadership. *The DELWP guide to annual reporting – public bodies* restricts the VEWH on the metrics that can be used for reporting on our workforce, due to privacy and confidentiality concerns associated with the small number of VEWH staff. However, as the VEWH employs staff through DELWP, we commit to abiding by DELWP's Diversity and Inclusion policies and VEWH staff will be included in DELWP reporting.

1 Strategic intent

1.1 Vision, mission, outcomes and values

1.1.1 Vision

The VEWH's aspirational vision is:

Water for healthy waterways, valued by communities.

1.1.2 Organisational mission

The VEWH's role in contributing to the above vision is in holding and managing Victoria's environmental water entitlements (the Water Holdings). Our mission is:

We make robust decisions about managing water for the environment, in collaboration with program partners, stakeholders and communities, to preserve and improve the environmental values and health of Victorian waterways.

1.1.3 Organisational outcomes

The VEWH seeks to achieve three outcomes that are linked to delivery of the vision and organisational mission:

Our Environment outcome

Victoria's environmental water holdings are managed effectively and efficiently to optimise environmental outcomes for enduring benefit.

Our Communities outcome

Engagement, understanding and contribution of partners, stakeholders and communities in the environmental watering program is strengthened.

Our Culture outcome

The VEWH is a highly-capable, well-governed organisation that demonstrates a culture of collaboration, integrity, commitment and initiative.

1.1.4 Corporate values

The VEWH's culture is fundamental to the way we deliver our work – collaboratively, with initiative, commitment and integrity. The VEWH's expected core values, attitudes and behaviours are described in Table 1.

Table 1: VEWH values, attitudes and behaviours

Values	Attitudes and behaviours
Collaboration	<p>We place an emphasis on engagement, with our partners and stakeholders and within our own organisation.</p> <p>We understand that by working together we achieve more.</p> <p>We seek opportunities to engage, collaborate and improve understanding.</p> <p>We regularly seek, listen to and respect different perspectives.</p> <p>We consider how our decisions affect others.</p> <p>We appreciate that we are a small part of a big endeavour.</p> <p>We are clear on our role and understand and respect the role of our partners.</p> <p>We are cooperative, approachable and we keep people informed.</p> <p>We create and maintain effective networks.</p> <p>We share and celebrate success.</p>
Initiative	<p>We are innovative and open to new ideas.</p> <p>We are proactive and learn by doing.</p> <p>We seek new efficiencies in the way we do our work.</p> <p>We aspire to be leaders in what we do.</p> <p>We are knowledgeable and share our learnings.</p> <p>We make time to think strategically and creatively.</p> <p>We try new things in order to learn.</p> <p>We consider the bigger picture (social, cultural, economic, landscape and multi-year perspectives) for the best environmental protection of Victoria's waterways and wildlife.</p> <p>We invest in new knowledge and capability.</p>
Commitment	<p>We value healthy waterways.</p> <p>We maintain a strong focus on the VEWH's objectives mission and outcomes.</p> <p>We proactively respect and support government policies and initiatives relevant to our work.</p> <p>We are passionate about our work.</p> <p>We focus on strategic outcomes, as well as operational and opportunistic ones.</p> <p>We focus on agreed priorities and how we can add value.</p> <p>We are responsive and have a 'can do' attitude.</p> <p>We work hard and have fun along the way.</p> <p>We are dedicated and we persevere.</p> <p>We regularly review and evaluate to self-improve and demonstrate our commitment to getting better.</p> <p>We are committed to the wellbeing and safety of employees and the partners, stakeholders and communities we work with.</p>
Integrity	<p>We are accountable for our actions.</p> <p>We are trustworthy and reliable.</p> <p>We explain the rationale for our decisions.</p> <p>We communicate honestly and openly.</p> <p>We do what we say we will do and follow through on our promises.</p> <p>We regularly review our operations to learn from our successes and mistakes.</p>

1.2 Governance and key relationships

1.2.1 Statutory objectives and functions

The VEWH's statutory powers and obligations are described in section 33DC to 33DE of the *Water Act 1989*. The overarching objectives of the VEWH are to manage the Water Holdings (see Table 2) for the purposes of:

- a) maintaining the environmental water reserve in accordance with the environmental water reserve objective
- b) improving the environmental values and health of water ecosystems, including their biodiversity, ecological function 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 do the following in accordance with the objectives outlined above:

- 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)
- d) enter into any agreements for the purposes of paragraphs (a) and (b)
- e) enter into any agreements for the purposes of the coordination of the exercise of rights under any water right or entitlement held by another person, including the CEWH
- f) enter into any agreements with any person for the provision of works by that person to enable the efficient application or use of water in the Water Holdings.

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

Other key pieces of legislation under which the VEWH has obligations include:

- the *Financial Management Act 1994*: which sets out the requirement to ensure appropriate financial management practice is implemented and maintained, and a consistent standard of accountability and financial reporting is achieved
- the *Public Administration Act 2004*: which sets out the requirement to ensure good governance in the Victorian public sector and to foster effective, efficient, integrated and accountable service delivery.

Table 2: The Water Holdings (as at 30 April 2019)

System	Entitlement	Volume (ML)	Class of entitlement
Latrobe	Latrobe River Environmental Entitlement 2011	n/a ¹	Unregulated
	Blue Rock Environmental Entitlement 2013	18,737 ²	Share of inflow
Thomson	Bulk Entitlement (Thomson River – Environment) Order 2005 ³	10,000 8,000 ²	High reliability Share of inflow
Macalister	Macalister River Environmental Entitlement 2010	12,461 6,230	High reliability Low reliability
Yarra	Yarra Environmental Entitlement 2006 ³	17,000 55	High reliability Unregulated
Tarago	Tarago and Bunyip Rivers Environmental Entitlement 2009	3,000 ²	Share of inflow
Werribee	Werribee River Environmental Entitlement 2011	n/a ²	Share of inflow
Moorabool	Moorabool River Environmental Entitlement 2010 ³	7,086 ²	Share of inflow
Barwon	Barwon River Environmental Entitlement 2011	n/a ¹	Unregulated
	Upper Barwon River Environmental Entitlement 2018	2,000 ²	Share of inflows
Wimmera and Glenelg	Wimmera and Glenelg Rivers Environmental Entitlement 2010 ^{3,4}	40,560 1,000	Pipeline product Wetland product
Goulburn	Goulburn River Environmental Entitlement 2010	8,851 3,140	High reliability Low reliability
	Environmental Entitlement (Goulburn System – Living Murray) 2007	39,625 156,980	High reliability Low reliability
	Environmental Entitlement (Goulburn System – NVIRP Stage 1) 2012	36,624 ⁵	High reliability
	Bulk Entitlement (Goulburn System – Snowy Environmental Reserve) Order 2004	30,252 8,156	High reliability Low reliability
	Water Shares – Snowy River Environmental Reserve	8,321 17,852	High reliability Low reliability
	Water shares – Living Murray Program	5,559	High reliability
	Silver and Wallaby Creeks Environmental Entitlement 2006 ³	n/a	Passing flow only
Campaspe	Environmental Entitlement (Campaspe River – Living Murray Initiative) 2007	126 5,048	High reliability Low reliability
	Campaspe River Environmental Entitlement 2013	20,652 2,966	High reliability Low reliability
Loddon	Bulk Entitlement (Loddon River – Environmental Reserve) Order 2005 ⁴	10,970 2,024	High reliability Low reliability
	Environmental Entitlement (Birch Creek – Bullarook System) 2009 ^{3,4}	100	n/a ⁶
	Water Shares – Snowy River Environmental Reserve	470	High reliability

System	Entitlement	Volume (ML)	Class of entitlement
Murray	Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999	29,782	High reliability
		3,894	Low reliability
		40,000	Unregulated
	Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999 – Barmah-Millewa Forest Environmental Water Allocation	50,000	High reliability
		25,000	Low reliability
	Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999 – Living Murray	9,589	High reliability
		101,850	Low reliability
34,300	Unregulated		
Environmental Entitlement (River Murray – NVIRP Stage 1) 2012	27,031 ⁵	High reliability	
Bulk Entitlement (River Murray – Snowy Environmental Reserve) Conversion Order 2004	29,794	High reliability	
Water shares – Snowy Environmental Reserve	14,671	High reliability	
	6,423	Low reliability	
Water shares – Living Murray Program	12,267	High reliability	

1. Use of these entitlements is dependent upon suitable river heights, as specified in both the Latrobe and Barwon environmental entitlements.
2. Water is accumulated continuously according to a share of inflows (Blue Rock 9%, Tarago system 10.3%, Werribee system 10%, Moorabool system 11.9%, Thomson Reservoir 3.9%, upper Barwon system 3.8%) and this volume represents the maximum that can be stored at any time. The actual volume available in any year varies according to inflows.
3. In addition to volumetric entitlement, the entitlement also includes passing flows.
4. In addition to volumetric entitlement, the entitlement also includes unregulated water.
5. This entitlement volume is equal to one-third of the total water savings from GMW Connections Project Stage 1, as verified in the latest audit (including mitigation water).
6. Allocation against this entitlement is made subject to specific triggers, as specified in the entitlement.

Further detail about the Water Holdings can be obtained from the Victorian Water Register (www.waterregister.vic.gov.au).

1.2.2 Commission and Executive

The VEWH is overseen by a Commission responsible for establishing the strategic intent for the organisation and monitoring its effectiveness.

As at April 2019, the VEWH Commission is comprised of four part-time Commissioners:

- Denis Flett (Chairperson)
- Geoff Hocking (Deputy Chairperson)
- Chris Chesterfield (Commissioner)
- Rueben Berg (Commissioner).

All appointments will conclude on 30 June 2019. It is known that Denis Flett and Geoff Hocking will retire on 30 June 2019 and they will leave a large legacy in the water industry. Commissioners will be appointed by the Governor in Council, upon recommendation of the Minister for Water, by 1 July 2019.

The VEWH Co-Executive Officers, Beth Ashworth and Sarina Loo, are responsible for managing the effective and efficient day-to-day operations of the VEWH, ensuring its policies and strategies are effectively implemented, and that legislation and Government policies are complied with. The job-share of the Executive Officer role is an example of VEWH's commitment to flexible work arrangements. The Co-Executive Officers and three Executive Managers make up the Executive Team.

1.2.3 Key relationships

Partnerships are key to the success of Victoria's environmental watering program; no one organisation alone can deliver it. Figure 2 summarises the key roles and responsibilities.

Catchment management authorities (CMAs) and Melbourne Water (MW) are the waterway managers and 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 for River Murray operations the Murray-Darling Basin Authority (MBDA) 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 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.

In recognising the value that waterways have for Traditional Owners and Aboriginal Victorians it is important to ensure their participation in the water for the environment program. Waterway managers play a key role in this consultation locally, with the VEWH consulting with state-level organisations and groups.

At the local and regional level, waterway managers (Victoria's CMAs and Melbourne Water) are the watering program's primary link with local communities and regional stakeholders. Waterway managers work with their local communities to determine the environmental values of most importance to the community and additional benefits that can be met, such as helping to meet recreational needs.

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.

The VEWH works in collaboration with DELWP who oversees the Victorian environmental water policy framework, delivery of Victoria's commitments under the Murray Darling Basin Plan and coordinates state-scale environmental flow monitoring and assessment programs.

Figure 2 Key relationships of the VEWH



2 Planned programs and outputs

The VEWH has developed a program of outputs to work towards each of our three outcomes (Our Environment, Our Communities, Our Culture). We have also identified indicators and measures to report on how the VEWH is tracking in achieving these outcomes. These programs are summarised in Table 3. Outputs which represent a strategic focus area are denoted by a #.

Table 3: VEWH's programs, outcomes, outcome indicators, outcomes measures and outputs

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
Our Environment: Victoria's environmental water holdings are managed effectively and efficiently to optimise environmental outcomes for enduring benefit.	Seasonal watering plan is evolving to incorporate new scientific knowledge, Aboriginal values and environmental knowledge, input from other stakeholders and adaptations to climate change.	Seasonal Watering Plan published by 30 June noting: <ul style="list-style-type: none"> - specific watering actions that are based on new information from monitoring, research, prioritisation projects and involvement in environmental flow studies - specific watering actions that were developed with direct involvement of Traditional Owners - specific watering actions that address climate change. 	Seasonal watering plan and inter-jurisdictional watering proposals developed in collaboration with our program partners. Monitoring and research invested in, influenced and shared to demonstrate outcomes, manage risks, fill knowledge gaps, and incorporate that knowledge in planning decisions. # Prioritisation projects progressed to improve VEWH's decision making around environmental water use, carryover, trade and investment with the aim of optimising environmental outcomes. Government policy effectively inputted to from an operational perspective and implemented.	1.8 Monitoring (Structure) 4.6 Plan (Strategy) 4.7 Publication (Written)
	Water holdings are used, carried over and traded in accordance with seasonal conditions to close the gap between the required water regime and actual water regime at priority waterways, and strategic projects are funded to improve future watering effectiveness.	Percentage of priority watering actions delivered supported by: <ul style="list-style-type: none"> - trend analysis - case studies from VEWH and partner monitoring programs that demonstrate watering outcomes - examples of VEWH-funded works and other projects that have improved environmental water deliveries or potential outcomes. 	Water use authorised and partners supported to deliver it in accordance with seasonal watering plan. Carryover and trade strategies developed and implemented. Water accounting undertaken to measure, track, report and pay for water use. Operational water management processes documented and improved. Complementary projects identified and supported to improve environmental watering outcomes.	1.8 Monitoring (Structure) 3.3 Water 4.1 Approval and advice (Notice) 4.6 Plan (Strategy) 4.6 Plan (Management) 4.6 Plan (Engagement)

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
Our Communities: Engagement, understanding and contribution of partners, stakeholders and communities in the environmental watering program is strengthened.	Participation of Traditional Owners in water for the environment planning and management is increased.	Number of Traditional Owner groups involved in environmental water planning processes, supported by: - case studies capturing where VEWH has directly facilitated this and feedback from Aboriginal people on its effectiveness.	# Improved Aboriginal outcomes and inclusion in environmental water planning, management and reporting supported. A greater understanding gained of how, where and when Traditional Owner groups can be empowered to make decisions regarding water for the environment. Leadership provided in knowledge sharing and improvement of Aboriginal cultural awareness within the Victorian environmental watering program.	4.6 Plan (Engagement)
	Community and stakeholder understanding of and contribution to the watering program is increased.	Percentage of actions of Communications and Engagement Strategy delivered, supported by: - case studies to illustrate example activities and achievements.	Audience-focused content developed and distributed for the VEWH website, social media and internal and external publications to increase understanding about water for the environment and its benefits. Outcomes of environmental watering, including shared community benefits, publicly reported in Reflections annually and through other media as required. Productive relationships with state-wide stakeholders built and maintained to continuously improve water management and stakeholder understanding. Environmental Water Matters Forum with key stakeholders held at least biennially and evaluated via feedback surveys.	4.4 Engagement event 4.5 Partnership 4.7 Publication
	Program partnerships for coordinated communication and delivery of the environmental watering program are strengthened.	Results of annual survey of key program delivery partners satisfaction with VEWH partnerships. Number of engagement and communications activities and/or products supported.	Productive relationships with program partners built and maintained to support collaborative delivery of the environmental watering program Program partners supported to deliver communication and engagement activities for water for the environment.	4.4 Engagement event 4.5 Partnership 4.7 Publication

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
Our Culture: VEWH is a highly-capable, well-governed organisation that demonstrates a culture of collaboration, integrity, commitment and initiative.	VEWH finances are managed effectively.	Variance of actual expenditure to budgeted expenditure is within 10% (excluding trade revenue/ expenditure and water delivery costs).	# Sufficient resources secured to support activities, including effective input to Environmental Contribution Tranche 5 funding bid processes. Financial performance planned, managed and reported on.	Nil
	Governance requirements are complied with.	<i>Water Act 1989</i> , Financial Compliance Management Framework, Ministerial rules and Water Holdings obligations fulfilled on time - 100% compliance.	Statutory documents prepared within required timeframes. Organisational policies and procedures developed and maintained. The Commission and Risk and Audit Committee supported.	4.6 Plan
	Risks are effectively managed to ensure VEWH objectives are achieved.	Corporate risk processes and strategic and operational risks implemented and reviewed annually. Victorian Environmental Watering Program Risk Management Framework implemented annually and reviewed every 5 years.	Corporate risk management processes and strategy implemented. Victorian Environmental Watering Program Risk Management Framework implemented.	4.5 Partnership
	The VEWH workforce is diverse, engaged and supported to safely deliver the VEWH's work program.	Results of People Matters survey annually and organisational culture survey every 4 years maintained or improved.	Internal work planning and prioritisation processes effectively undertaken. Policies and procedures regarding recruitment, diversity and inclusion, flexible work arrangements implemented. # People Strategy reviewed by 30 June 2020 and corporate culture strengthened, with a focus on organisational/staff capability, development and retention, including effective Commissioner induction.	Nil

*From DELWP output data standard, version 2, June 2015.

3 Future challenges and opportunities

There are several future challenges and opportunities which could affect the VEWH's ability to meet our stated outcomes. The VEWH manages these risks, and aims to capitalise on the opportunities, through a comprehensive risk management framework.

The VEWH's internal risk management includes a:

- risk appetite statement
- risk management business rule
- strategic and operational risk registers with mitigating actions identified and implemented
- internal incident management system
- Risk and Audit Committee, with two independent members (including the Chair)
- three-year internal audit plan.

Further to this, and in recognising that shared responsibilities in the environmental watering program also result in shared risks, in 2014 the VEWH worked with its partners to develop the Victorian Environmental Watering Program Risk Management Framework. This framework articulates how partners in the program will work together to manage shared or inter-agency risks (as required by the Victorian Government Risk Management Framework) associated with the use of environmental water in Victoria. Implementation includes documentation of system-based operating arrangements, annual risk workshops with program partners, agreed responsibilities for mitigating actions, and established incident reporting processes.

3.1 Challenges and risks

The key challenges and strategic risks which threaten the VEWH's ability to achieve its stated outcomes are summarised in Table 4, together with the key mitigating actions which aim to bring these risks to within the VEWH's risk appetite.

Table 4: VEWH strategic risks and mitigating actions

Strategic risks	Mitigating actions
<p>Inability to achieve or demonstrate outcomes of the environmental watering program over the long term.</p> <p>This risk is exacerbated by:</p> <ul style="list-style-type: none"> • natural events, such as fire and drought • climate change resulting in more extreme events and a long-term drying trend • land use change resulting in lower stream inflows • the movement of water allocation and entitlements via trade. 	<p>Use a scenario-based, seasonally adaptive approach in seasonal water planning to optimise environmental outcomes under different conditions.</p> <p>Strengthen decision making about how environmental water is used across Victoria to ensure highest priority sites and values are being protected.</p> <p>Direct funding of metering, monitoring, research programs and citizen science.</p> <p>Share knowledge outcomes of monitoring and research with partners and stakeholders.</p> <p>Participate in relevant research hubs, science technical forums and on project steering committees for environmental flow studies.</p> <p>Communicate likely timeframes and magnitude of expected environmental responses given current conditions, system constraints and non-flow related confounding factors and communicate the effort required to detect and demonstrate those changes.</p> <p>Work with storage managers to maximise environmental watering outcomes and to contribute to the optimisation of multiple benefits from the delivery of water.</p> <p>Contribute to relevant policy development.</p>

Strategic risks	Mitigating actions
<p>Unintended adverse environmental impacts from environmental watering.</p>	<p>Support the implementation of the Victorian Environmental Watering Program Risk Management Framework.</p> <p>Liaise with delivery partners leading up to and during planned watering event to assess hydrological and weather forecasts and real time conditions and adjust or abort action if necessary.</p> <p>Improve knowledge through risk-based or event-based monitoring and apply learnings from one system to other systems for adaptive management.</p> <p>Facilitate incident reporting and response throughout the year and ensure that actions are undertaken by VEWH or partners as required.</p> <p>Update documented operating arrangements as required.</p>
<p>Unintended major third-party impacts from environmental watering.</p>	<p>Application of the Victorian Environmental Watering Program Risk Management Framework across VEWH activities.</p> <p>Deeds of agreement in place with landowners that may be affected by planned watering actions.</p> <p>Facilitation of incident reporting and response throughout the year.</p> <p>Documented process in place to communicate with key partners and potentially affected parties to identify and quickly resolve issues as they arise.</p>
<p>Failure to engage communities and stakeholders to gain their support for the environmental watering program.</p> <p>This risk is exacerbated by:</p> <ul style="list-style-type: none"> • increased competition for water during droughts • continued concern from some community members around implementation of the Murray-Darling Basin Plan • lack of understanding by some community members about the complexities of water management, (including roles and responsibilities) and the benefits of water for the environment. 	<p>Communications and engagement strategy in place.</p> <p>Funding of targeted event-based monitoring projects that demonstrate ecological outcomes of key sites.</p> <p>Implement key findings from the social research into Victorian's knowledge, attitudes and perceptions of environmental water.</p>
<p>Insufficient capability and capacity within the VEWH or our program partners to deliver the environmental watering program.</p>	<p>Annual work plan in place to ensure adequate resources are available for each task and the right mix between strategic and operational activities.</p> <p>Business Continuity Plan in place.</p> <p>Effective input to Environmental Contribution Tranche 5 funding bid processes.</p> <p>People Strategy reviewed and corporate culture strengthened, with a focus on organisational/staff capability, development and retention, including effective Commissioner induction.</p>

3.2 Opportunities

There are a range of opportunities that have been identified that will enable the VEWH to more efficiently and effectively meet its objectives:

- improved decision making through landscape-scale prioritisation to better adapt to climate change
- strengthening engagement of Aboriginal people and use of traditional ecological knowledge
- strengthened staff development and retention, including effective induction processes for incoming Commissioners
- input to Environmental Contribution Tranche 5 funding bid processes
- community and government response to fish death incidents on the Darling River, NSW
- continuous improvement of the implementation of the Murray-Darling Basin Plan
- use of quantitative models to predict outcomes of environmental watering
- input to relevant public policy development from an operational perspective
- embracing technology including social media, satellite and drone imagery, and opportunities for business efficiencies.

4 Estimates of revenue and expenditure

Over the next four years, the VEWH forecasts revenue from State Government funding, Commonwealth Government funding, interest and the sale of water allocation. The revenue will be used to deliver the three VEWH programs. VEWH revenue and expenditure can be highly influenced by seasonal conditions (which influences how much water for the environment is used) and whether the sale or purchase of water allocation has occurred in a given year.

The sale of 10 GL of Murray allocation in early 2019 has resulted in approximately \$4.8 million of revenue and has contributed to a lower than budgeted operating deficit of \$0.51 million. The \$4.8 million of revenue is to be set aside and committed to future use on projects to boost native fish populations in northern Victoria.

4.1 Programs budget

Table 5: Programs budget

Programs Budget	Income (\$'000)					Expenditure (\$'000)	Carry forward (\$'000)	
	a	b	c	d	e = a+b+c+d			f
Program	Investor Program Reference	Carry-fwd. from 2018-19	State Government funding	Commonwealth Government funding	Other funding	PROGRAM TOTAL	PROGRAM TOTAL ¹	Carry-fwd. to 2020-21
Our environment	S1, C1, C2, O1	8,980	6,541	1,947	927	18,395	12,149	6,246
Our communities	S1		796			796	796	
Our culture	S1, S2, O2		2,013		106	2,119	2,119	
Totals		8,980	9,350	1,947	1,033	21,310	15,064	6,246

¹ Staff costing has been split across the three programs.

4.2 Income assumptions

Table 6: Income assumptions (Investor Programs) for the forthcoming financial-year (\$'000)

Investor Program Reference	Source of funding	Investor Program title	Project/Activity	Amount (\$'000)
State Government				
S1	Department of Environment, Land, Water and Planning	Victorian Environmental Water Holder – Environmental Water Management and Delivery – 2017-18 to 2019-20	Our Environment; Our Community; Our Culture	9,100
S2	Department of Environment, Land, Water and Planning	Murray-Darling Basin Plan implementation	Our Environment	250
			Sub-total	9,350
Commonwealth Government				
		Program title		
C1	MDBA	Living Murray program	Our Environment	1,672
C2	CEWH	Commonwealth environmental water management	Our Environment	275
			Sub-total	1,947
Other				
		Program title		
O1	Water trade revenue	Water trading	Our Environment	927
O2	Westpac	Interest revenue	Our Culture	106
			Sub-total	1033
			Total	12,330

4.3 Operating statement

Table 7: Operating Statement

\$'000 Year Ended 30 June	Budget Base Year 2018-19	Forecast Base year 2018-19 ¹	Year 1 2019-20	Year 2 2020-21	Year 3 2021-22	Year 4 2022-23
Revenue						
Victorian Government Contributions/Grants ²	6,240	6,240	9,100	10,321	10,615	10,917
MDBP Implementation Funding (DELWP) ³	250	250	250	250	250	250
Commonwealth Government Contributions/Grants ⁴						
- Commonwealth Environmental Water Holder	365	365	275	282	289	296
- Living Murray	1,479	1,479	1,672	1,714	1,757	1,801
Other Contributions						
Interest ⁵	100	100	106	106	106	106
Sale of water allocation ⁶	754	4,800	927	927	927	927
Total revenue	9,188	13,234	12,330	13,600	13,944	14,297
Expenditure						
Employee expenses ⁷	2,233	2,233	2,573	2,656	2,749	2,845
Environmental Water Holdings and Transactions	7,409	6,850	8,179	8,360	8,546	8,736
Water storage and delivery						
- VEWH ⁸	4,790	4,686	5,305	5,437	5,573	5,712
- Commonwealth Environmental Water Holder ⁹	365	365	275	282	289	296
- Living Murray ¹⁰	1,479	1,479	1,672	1,714	1,757	1,801
Water purchases ¹¹	775	321	927	927	927	927
Grants	1,492	1,571	448	890	900	922
Outcomes reporting, risk & adaptive management ¹²	1,492	1,571	448	890	900	922
- Catchment Management Authorities	860	939	404	607	610	625
- Water Corporations	632	632	44	283	290	297
Other Operating Expenses	3,514	3,091	3,864	4,126	1,749	1,794
- Transfer to DELWP - trade revenue projects ¹³	1,460	1,460	2,400	2,400		
- Other ¹⁴	2,054	1,631	1,464	1,726	1,749	1,794
Total expenditure	14,648	13,745	15,064	16,032	13,944	14,297
Operating surplus/ (deficit)	-5,460	-511	-2,734	-2,432	0	0

1. Forecast year end position as at 31 March 2019.
2. The 2018-19 forecast reflects the reduction in revenue received as part of the '2017-18 to 2019-20 Environmental Contribution Tranche 4 (EC4)' funding. No funding beyond the EC4 period (i.e. 2020-21 to 2022-23) is guaranteed but assumes funds provided for budgeted costs in the previous year indexed annually at 2.5%.
3. Funding for Murray-Darling Basin Plan implementation received via DELWP ceases in 2018-19. A new funding agreement is currently being negotiated, therefore it is assumed that funding will continue in forward years.
4. 2018-19 budget and forecast actual revenue received from the Living Murray program and Commonwealth Environmental Water Holder for entitlement charges and water delivery costs associated with delivery of their Water Holdings. Forecast for 2019-20 onwards has been indexed annually at 2.5%.
5. Estimated interest earned in forward years is based on average earned in previous years.
6. Estimated sales revenue to be received in 2018-19 from sale of 10GL in northern Victoria. Forward years estimate is based on average of last five years of trade revenue.
7. Estimate for 2020-21 to 2022-23 assumes continuation of the employee expenses forecast for 2019-20, indexed according to the wage price index set by DTF (2020-21 3.25%, 2021-22 3.5%, 2022-23 3.5%).
8. Includes VEWH entitlement charges and grants to catchment management authorities and water corporations for water delivery and management costs. Forecast for 2019-20 is based on a dry year scenario. Forward years are based on 2019-20 indexed annually at 2.5%.
9. See footnote 4 above. Expenditure is balanced by recoup of revenue from the Commonwealth Environmental Water Holder.
10. See footnote 4 above. Expenditure is balanced by recoup of revenue from the Living Murray program.
11. 2018-19 forecast updated for water purchase. Forecast for forward years is based on average sales revenue – see footnote 6 above. Sale of water allocation revenue may also be invested alternatively in line with the VEWH's statutory objectives.
12. Includes grants paid to catchment management authorities and water corporations for monitoring, metering and technical projects. Forecast for 2020-21 to 2022-23 is based on EC4 funding indexed annually at 2.5%. Forecast for water corporations is based on EC4 funding for metering projects, however some of this may be paid to catchment management authorities.
13. 2018-19 transfer of trade revenue to DELWP for complementary works and measures projects. Estimate for 2019-20 and 2020-21 is for projects to boost native fish populations in Northern Victoria, funded by the \$4.8m trade revenue received in 2018-19.
14. Includes expenditure for some technical projects and office operational costs.

4.4 Balance sheet

Table 8: Balance sheet

\$'000 Year Ended 30 June	Budget Base Year 2018-19	Forecast Base year 2018-19 ¹	Year 1 2019-20	Year 2 2020-21	Year 3 2021-22	Year 4 2022-23
Current assets						
Cash and Cash Equivalents	5,496	8,980	6,246	3,814	3,814	3,814
Receivables	691	620	684	753	831	916
Total assets	6,187	9,600	6,930	4,567	4,645	4,730
Current liabilities						
Payables	0	0	0	0	0	0
Leave Provisions	425	378	417	459	506	558
Non-current liabilities						
Long Service Leave Provision	265	242	267	294	325	358
Total Liabilities	690	620	684	753	831	916
Net Assets	5,497	8,980	6,246	3,814	3,814	3,814
Equity						
Retained Profits (Loss)	5,497	8,980	6,246	3,814	3,814	3,814
Total Equity	5,497	8,980	6,246	3,814	3,814	3,814

¹ Forecast year end position as at 31 March 2019.

4.5 Notes

4.5.1 Water Holdings

The charges paid for the storage and delivery of environmental water are determined by government policy and water corporation planning and tariff strategy processes. As environmental water services are not a prescribed service in the *Water Industry Regulatory Order 2014*, the independent Essential Services Commission does not regulate environmental water service pricing. DELWP is currently undertaking a review of environmental water services and charges. The financial projections for these charges over the period of the Corporate Plan assume a continuation of the arrangements in place in 2018-19, plus CPI. The DELWP review of pricing may alter future charges, which would affect the forward budget estimates. Any significant pricing changes will require a variation to this corporate plan.

4.5.2 Revenue

The VEWH is largely funded through the 2016-17 Budget Initiative *Improving the Health of Waterways in regional Victoria* (Environmental Contribution Tranche 4). Funding arrangements span from 2016-17 to 2019-20. The VEWH will need to negotiate for funding beyond 2019-20 as part of the next tranche of Environmental Contribution funding. The VEWH is currently negotiating the continuation of funding provided via the Victorian Government by the Australian Government to implement elements of the Murray-Darling Basin Plan.

The VEWH receives interest revenue from cash investments and revenue from the sale of water allocation. This revenue can be used to invest in future environmental watering priorities (including water purchase to meet shortfalls in any Victorian system), in complementary works and measures or investigations to improve the performance of Victoria's environmental watering program (see 'Water trade' below).

4.5.3 Inter-annual seasonal variability

Seasonal conditions, such as temperature, rainfall and inflows, influence environmental water supply and demand. The supply of environmental water includes the amount of water allocated to environmental water entitlements, but also considers the amount and timing of unregulated flows that occur naturally in rivers and wetlands and other flows in the system. The demand for environmental water is determined by the environmental objectives, which vary under different seasonal conditions; for example, less water is likely to be required under drought conditions as the objective in drought years is to protect refuges for plant and animal populations, while in average and wet years, more water is required to maximise recruitment, migration and connectivity. These financial statements assume 'dry' seasonal conditions over the four-year period due to the current dry outlook and CSIRO climate change projections. Seasonal variability is addressed through a contingency in the carry forward and through water trade.

4.5.4 Carry forward

The VEWH has a Trust Account, which provides the ability to carry forward unexpended revenue. This is critical in order for the VEWH to manage inter-annual seasonal variability, and the associated volatility and unpredictability in Water Holdings management. As described in the previous section, the VEWH four year budget has been developed on the assumption of 'dry' seasonal conditions and water availability. It is important that the VEWH can carry forward to ensure sufficient funding to provide for conditions which are above or below dry conditions. For example, in a wet or average water availability year, carryover and delivery (irrigation channel access and pumping) charges may be above what they would be in dry conditions. In a drought year, a reduced volume of environmental water will be in storage and delivered, so costs may be reduced. However, a greater proportion of water may be required to be pumped due to low river levels, so pumping costs may be higher.

VEWH holds sufficient carry forward to 2019-20 to ensure financial resources are available to manage according to seasonal conditions and for payment of contracted, multi-year projects. The sale of 10 GL of Murray allocation in early 2019 has resulted in approximately \$4.8 million of revenue. The \$4.8 million of revenue is to be set aside and committed to future use on projects to boost native fish populations in northern Victoria.

4.5.5 Water trade

The VEWH has the statutory right to trade its water entitlements and allocations. The trade of water allocation is a variable and unreliable revenue source as it is dependent on the seasonal conditions and availability at a point in time. Water trade is used to address inter-annual seasonal variability. Water trade revenue and expenditure is forecast based on the average of the last five years of trade revenue. When a decision on the sale of water allocation is made, consideration is given to how the net revenue can be invested to optimise environmental outcomes for enduring benefits. From 2018-19 onwards, a contingency is to be held within the carry forward balance for future water purchases to address seasonal variability. When there are funds above the contingency amount required for future water purchase, the funds may be used to invest in complementary works and measures, monitoring, knowledge, research or other priorities to improve the ability to manage the holdings and the performance of Victoria's environmental watering program. 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.

4.5.6 Delivery of water for other water holders

In 2018-19 the MDBA transferred nearly 18,000 ML of high reliability water shares associated with the Living Murray Program to the VEWH. The Living Murray program is an interstate initiative aimed at improving the health of the River Murray. The MDBA coordinates the Living Murray program and will continue to pay costs associated with managing the entitlements and delivering the water. As the Victorian portion of the Living Murray shares are held in the VEWH's allocation bank accounts, these charges will be paid by the VEWH and the costs recouped in full from the MDBA.

CEWO also transfers water to the VEWH's allocation bank accounts for delivery. Some of the costs associated with Commonwealth Water Holdings, such as headworks charges, are paid directly by CEWO to Goulburn-Murray Water. However, associated delivery-based charges are paid by the VEWH and recouped in full from CEWO where appropriate.

4.5.7 Assets and liabilities

The VEWH does not own any non-financial assets, such as water delivery infrastructure, or office equipment (which is sourced from DELWP).

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.

VEWH's liabilities relate to current and non-current staff leave provisions.



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