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Corporate Plan

2022-23 to 2025-26



Acknowledgement of Victoria's Traditional Owners

The Victorian Environmental Water Holder (VEWH) 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 acknowledges the meaningful intersection between the aims of the environmental watering program – healthy waterways, healthy communities – and the deep and enduring obligations Traditional Owners have to Country and community. We acknowledge the ongoing contribution that Traditional Owners and Aboriginal knowledge systems are making to planning and managing water for the environment. We also recognise that this contribution is largely through frameworks and processes that have not been determined by Traditional Owners, and contribution does not imply endorsement

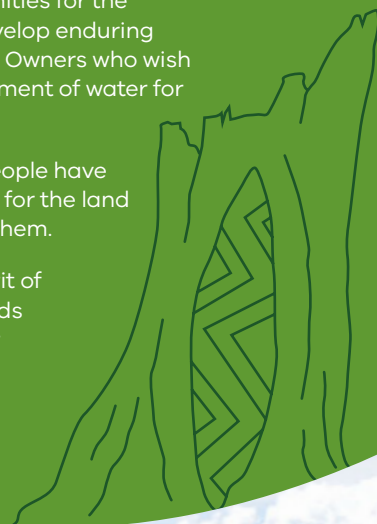
of those frameworks and processes. More can be done to increase Traditional Owners' contributions and enable progress towards self-determination within and beyond the environmental watering program.

Adequately recognising and strengthening the rights and agency of Traditional Owners in water management is critical for achieving self-determination, and healthy waterways into the future. The VEWH will continue to play an active role in supporting and enabling this as much as possible within its power and capability.

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.

Over millennia, Aboriginal people have shaped, managed and cared for the land and waterways that sustain them.

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



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- Front cover: *Coliban River*, by North Central CMA
- Previous page: *Dhudhuroa and Waywurru Aboriginal Waterways Assessment (AWA) on the Ovens and Kings rivers* by Murray Darling Basin Authority

Foreword

We are pleased to present the Victorian Environmental Water Holder's Corporate Plan 2022-23 to 2025-26.

The VEWH's role is to manage Victoria's environmental water entitlements ('water for the environment') to optimise environmental outcomes for our waterways and communities. 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.

Victoria has experienced a significant decrease in average rainfall over the last 30 years. Many of Victoria's catchments have experienced steep declines in catchment run-off since the Millenium Drought (1997 to 2009), particularly affecting streamflows in the central and western regions of the state. This downward trend is predicted to continue over the coming decades, alongside more frequent and extreme weather events, such as drought, fire and flood.

In this context of climate change and seasonal variability, environmental watering is a vital factor in the survival of many waterway ecosystems. The VEWH and its program partners will continue our adaptive approach, using new knowledge to adjust and ensuring environmental water management remains efficient and effective in the face of climate change.

Environmental watering helps to protect the plants, animals and ecosystems that communities most value and which support so many social, recreational, economic and cultural benefits. As such, the VEWH and its partners continually look to foster strong partnerships with local communities and seek their views, knowledge, and experience to implement the watering program and look for opportunities to achieve shared benefits.

Traditional Owner participation in and influence on the planning, management and delivery of environmental water remains an area of focus for the VEWH in 2022-23. We will continue to work with our partners to seek opportunities to support self-determination and incorporate Traditional Owner values and knowledge into the management of water for the environment. We have developed a position statement to demonstrate our deep commitment to better recognising the rights and objectives of Traditional Owners in water management and playing our part in removing barriers to self-determination.

The VEWH will continue to work with our partners to engage with recreational users (such as anglers, kayakers and bird watchers) to build our understanding of their needs. We remain committed to considering how we can improve the community's enjoyment, experience and connection to waterways through the use of water for the environment.

In 2022-23, we will continue to implement our People Strategy. This will help to address the new challenges of changed working conditions. Supporting cultural diversity and gender equity across our small workforce will continue to be an important part of this work. We will also develop a 10-year strategy for the VEWH identifying the challenges facing the environmental watering program, the future that is envisaged and the rationale for our strategic priorities.

The impacts of coronavirus (COVID-19) on Victorians have posed an unprecedented challenge. Despite this, the environmental watering program has so far proved adaptable to the pandemic, with watering actions able to be delivered, and engagement and collaboration continuing online. The VEWH will still be in some form of transition over the life of this Corporate Plan as we adjust to staff working from both in the office and from home. We look forward to re-connecting with our program partners and stakeholders across the state, through more in-depth face-to-face interactions and field visits, as COVID-19 protocols allow.

We are pleased to present this Corporate Plan, which presents a planned program of investment in the provision of water for the environment to preserve and improve the health of Victoria's waterways.

Chris Chesterfield



Chairperson

Beth Ashworth



Co-Chief Executive Officer

Dr Sarina Loo



Co-Chief Executive Officer

Overview

The Victorian Environmental Water Holder (VEWH) is the only statewide 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 optimise outcomes 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 and using associated trade revenue to fund strategic activities that optimise environmental outcomes for enduring benefits. The VEWH is a statutory body that helps deliver 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.

By improving the health of rivers, wetlands and floodplains, environmental watering also supports vibrant and healthy communities. Most of Victoria's towns are located near a river or lake which the community values, and many people travel to their favourite waterway for holidays and to relax, play and connect with nature. Importantly, the VEWH recognises that these waterways also sustain healthy Country for Aboriginal communities. The VEWH and its environmental watering program partners have legislated obligations to consider the social, recreational and Aboriginal cultural values of waterways that can be supported by water for the environment. Where possible, opportunities to support these values are incorporated into watering decisions, provided they do not compromise environmental outcomes.

The VEWH's Corporate Plan 2022-23 to 2025-26 outlines the framework for our future performance and provides clear direction for the next four years 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.

The environmental watering program has so far proved adaptable to the coronavirus (COVID-19) pandemic, with watering actions able to be delivered as planned. Most engagement has continued as virtual rather than face-to-face interactions, and most site-based work has been adapted to ensure adherence to physical distancing regulations. There may be some risks to environmental or shared outcomes, depending on the level and duration of physical distancing restrictions on workplaces and community movement and gatherings if restrictions occur during the lifespan of this plan. The VEWH will continue to work with waterway managers and Department of Environment, Land, Water and Planning (DELWP) to ensure that essential work can continue in the face of COVID-19. The VEWH will move forward from the challenge of the past two years, by taking lessons that we have learned along the way to become a stronger and more resilient organisation.

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 and shared benefits from environmental watering
- increase opportunities for Traditional Owners to participate in the planning and management of environmental water on Country
- consider recreational values in management of the holdings
- maintain effective community engagement and partnerships in statewide planning and management of the holdings
- develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership.

The Minister for Water has asked the VEWH to be a key partner in the implementation of *Water for Victoria, the Rivers of the Barwon (Barre Warre Yulluk) Action Plan*, the *Waterways of the West Action Plan* and the *Yarra River Protection (Wilip-gin Birrarung murrong) Act 2017*. This includes recognising the Maribyrnong (*Mirrangbamurn*), Werribee (*Wirribi Yaluk*), Moorabool (*Murrabul*), Barwon (*Parwan*) and Yarra (*Birrarung*) waterways and their lands as living and integrated natural entities and incorporating this in the planning for these systems.

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

To ensure that the VEWH remains future focused, we will develop a 10-year strategy for the VEWH in 2022-23 identifying the challenges facing the environmental watering program, the future that is envisaged and the rationale for our strategic priorities.

Integrating climate change adaptation into decision making

The VEWH is committed to effectively managing the risk of climate change to the watering program by taking appropriate decisions and actions, and working with program partners and stakeholders to minimise threats and optimise opportunities.

Climate change models forecast a general drying of Victoria's landscape, with more frequent and longer-lasting droughts, extended bushfire seasons and also more intense and frequent summer floods. These forecast changes will likely affect water availability, the composition and distribution of plant and animal communities, and the capacity of the environment to respond to environmental watering. Climate change will also affect society, shift the needs of some stakeholders, increase expectations about corporate responsibility and may influence community engagement with, and attitudes towards, environmental watering.

The VEWH addresses these issues in the following ways:

- continuing to implement a seasonally adaptive approach to environmental flow planning and management (through the development of the seasonal watering plan and subsequent water authorisations throughout the year) to respond to risks and opportunities from climate variability
- contributing to the DELWP-led Long-term Water Resource Assessments and Sustainable Water Strategy reviews
- using membership on project steering committees for new environmental flow studies and environmental water management plans (EWMPs) and the Victorian Environmental Water Leadership Group to advocate for environmental watering objectives that are appropriate for future climate scenarios
- incorporating knowledge of potential climate scenarios in decisions about use of the water holdings; this may include prioritising water use to support species or habitats that may become more threatened by climate change, or reducing water use in areas that cannot be sustained under a changed climate

- developing a 10-year strategy for the VEWH that will, among other things, consider how the program needs to adapt to accommodate climate change associated impacts to ecosystems and water availability
- reducing our office-based waste and carbon impacts through green initiatives.

Delivering environmental outcomes and shared benefits

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
- consideration of complementary benefits for social, recreational and Aboriginal cultural values and uses of waterways in environmental flows planning and management
- working with storage managers to maximise environmental watering outcomes and to contribute to the optimisation of multiple benefits from the delivery of all water
- where possible, investing in monitoring, research, knowledge, complementary works and measures or other priorities, where it improves the ability to manage the water holdings and the performance of Victoria's environmental watering program.

Any investment in complementary works and measures, knowledge, monitoring and research will be done in collaboration with DELWP to ensure efficiencies between the programs of the two organisations.

A strategic focus area of the 'Our Environment' program is continuous improvement in how we prioritise our decisions about water use, carryover, trade and investment to optimise long-term outcomes. Two key initiatives of this strategic focus area are:

- better identifying and delivering outcomes of landscape-scale significance (i.e. that address key regional or statewide issues and deliver environmental benefits beyond individual waterways)
- strengthen the robustness and transparency of the Water Holdings decision-making framework to support enhanced environmental outcomes, including from the sale or purchase of environmental water.

A key risk for the VEWH and its partners is the inability to achieve or demonstrate outcomes of environmental watering over the long term. Many factors can influence environmental outcomes including fire, drought, climate change, land use and system operations. The VEWH manages these risks in two key ways. First, it uses scenario-based planning in decision making and adjusts watering priorities based on seasonal conditions. Second, the VEWH uses the results of relevant monitoring activities to report the outcomes of watering actions and where relevant adapt environmental watering actions. The VEWH partners with DELWP, catchment management authorities (CMAs) and other environmental water managers to share monitoring information.

Physical distancing regulations associated with COVID-19 have not resulted in any significant risks to environmental outcomes, although some monitoring activities were not able to proceed in 2020-21 and 2021-22, which may limit the ability to report specific outcomes in coming years.

Community engagement, partnerships and Aboriginal inclusion

The focus of the 'Our Community' program and outcome is to ensure VEWH is playing its part to strengthen engagement, understanding and contribution of partners, stakeholders and communities in the environmental watering program. In particular, the VEWH plays a statewide role in supporting the communication and engagement activities of our program partners and their consideration of social, recreational, economic and Aboriginal cultural values in environmental watering proposals. Key elements of the 'Our Community' program include:

- coordinating with program partners including catchment management authorities, Melbourne Water and other environmental water holders to build and maintain trust among local communities in our environmental watering programs, such as through developing and transparently communicating our objectives, decisions and outcomes
- actively supporting self-determination opportunities for Traditional Owners and increased inclusion of Aboriginal people, values and knowledge in the environmental watering program, in line with the VEWH's Working with Traditional Owners Statement
- building and maintaining strategic relationships with key stakeholder groups (e.g. peak bodies representing recreational, agricultural/irrigator, environmental and other community interests) to support inclusion of community values in the environmental watering program and complement the regional engagement undertaken by our program partners
- continuing to foster community and stakeholder understanding of our programs and outcomes, through our annual communications and engagement strategy.

A strategic focus area of the 'Our Community' program is to increase participation of Traditional Owners in planning and managing water for the environment. We are actively identifying and pursuing 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.

With the recent releases of the Rivers of the Barwon (*Barre Warre Yulluk*) Action Plan, the Waterways of the West Action Plan and the Yarra Strategic Plan (*Burdap Birrarung burndap umarkoo*), we will work with Traditional Owners in these areas and other partners to embed the outcomes of these plans into the Victorian environmental watering program. We are committed to playing our part in recognising waterways and their lands in the Barwon (*Parwon*), Moorabool (*Murrabul*), Werribee (*Wirrubi Yaluk*), Maribyrnong (*Mirrangbamurn*) and Yarra (*Birrarung*) catchments as living and integrated natural entities. We will support Traditional Owners to self-determine what this concept means to them and empower their voice in environmental watering planning. This aligns with the strategic focus areas in VEWH's corporate plan that include Traditional Owner partnerships and landscape-scale planning.

Another strategic focus area of the 'Our Community' program in 2022-23 is deepening our strategic partnerships with key stakeholder groups and optimising our suite of communication and engagement activities. Since its establishment 10 years ago, the VEWH has produced a range of high-quality products every year to communicate the value of water for the environment. It is now timely to take an in-depth look at our activities, in liaison with our partners, and ensure we are taking a strategic and targeted approach. This will support our broader work on the 10-year strategy for VEWH and future iterations of our annual communications and engagement strategy.

Deepening our relationships with key stakeholders groups, particularly those representing recreational, agricultural/irrigator and environmental interests, is important for the continued success of the Victorian environmental watering program. Peak body representative groups can play an important role in communicating the interests of their members, disseminating information and fostering trust and understanding. With a drying climate, it is important we work closely with these sectors to maximise and demonstrate the environmental outcomes and shared benefits from the use of water for the environment.

Partnerships with program delivery organisations are critical to the successful delivery of the environmental watering program (see section 1.2.3). The VEWH proactively works to support and facilitate effective relationships with our program partners to ensure the efficiency and effectiveness of the program.

Physical distancing regulations associated with COVID-19 may impact the ability of the VEWH and its partners to meaningfully engage with some individuals and groups, particularly on Country or onsite. In 2021-22, most engagement was virtual rather than face-to-face. If physical distancing restrictions occur during the lifespan of this plan, Traditional Owner and community participation in water delivery and monitoring will likely be constrained. Overall, this could lower the level of interest sustained and/or favour engagement of particular audiences. Opportunities to consider complementary social, recreational and Traditional Owner values may be impacted.

As COVID-19 restrictions ease, we will reach out to key stakeholder groups and peak bodies and strengthen these relationships through meaningful face-to-face interactions and field visits. This will be supported through updating our stakeholder mapping and Communications and Engagement Strategy for 2022-23. We are committed to maintaining the trust and confidence of the Victorian community, as we face the challenges of a drying and more extreme climate.

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. Key elements of the program include:

- supporting the VEWH workforce to safely deliver the VEWH's work program
- effective management of the VEWH's finances and risk management processes
- ensuring compliance with governance requirements.

Insufficient capability and capacity to deliver the environmental watering program is a key risk for the VEWH and our program partners. A key factor exacerbating this risk includes the significant impact staff turnover has in a small organisation. Over the past two years, the impact of COVID-19 has also presented a challenge for the VEWH's culture, people and managers and changed the VEWH's working environment. The VEWH continues to address these challenges through implementation of its People Strategy. The strategy has several key actions under three focus areas which include:

- improving prioritisation of tasks and workload management
- adapting to a transformed working environment including transitioning back to the workplace and flexible work arrangements
- improved employee capability and retention.

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.

See Figure 1 Overview of strategic intent on page 3.

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. 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. 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 improve 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. 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 Act). 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 functioning and water quality, and other uses that depend on environmental condition.

The functions of the VEWH described in section 33DD of the 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 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 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 Commonwealth Environmental Water Holder (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.

In performing its functions, the VEWH must consider opportunities to provide for Aboriginal cultural, and social and recreational, values and uses in its management of the Water Holdings, consistently with its objectives and other legislative requirements.

Section 33DE of the 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 31 March 2022)

System	Entitlement	Volume (ML)	Class of entitlement
Gippsland region			
Latrobe	Blue Rock Environmental Entitlement 2013	18,737 ¹	Share of inflow
	Latrobe River Environmental Entitlement 2011	n/a ²	Unregulated
Thomson	Bulk Entitlement (Thomson River – Environment) Order 2005 ³	10,000 8,000 ¹	High reliability Share of inflow
Macalister	Macalister River Environmental Entitlement 2010	12,461 6,230	High reliability Low reliability
Central region			
Yarra	Yarra Environmental Entitlement 2006 ³	17,000 55	High reliability Unregulated
Tarago	Tarago and Bunyip Rivers Environmental Entitlement 2009 ³	3,000 ¹	Share of inflow
Werribee	Water shares	734 361	High reliability Low reliability
	Werribee River Environmental Entitlement 2011 ³	n/a ¹	Share of inflow
Moorabool	Moorabool River Environmental Entitlement 2010 ³	7,086 ¹	Share of inflow
Barwon	Barwon River Environmental Entitlement 2011	n/a ²	Unregulated
	Upper Barwon River Environmental Entitlement 2018	2,000 ¹	Share of inflows
Western region			
Wimmera and Glenelg	Wimmera and Glenelg Rivers Environmental Entitlement 2010 ^{3,4}	40,560 1,000	High reliability Low reliability
Northern region			
Victorian Murray	Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999	45,267	High reliability
		8,523	Low reliability
		49,000	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 34,300	Low reliability Unregulated
Bulk Entitlement (River Murray – Snowy Environmental Reserve) Conversion Order 2004	29,794	High reliability	
Environmental Entitlement (River Murray – NVIRP Stage 1) 2012	1,207 ⁵	High reliability	
Water shares – Snowy Environmental Reserve	14,671	High reliability	
	6,423	Low reliability	
Water shares – the Living Murray program	12,267	High reliability	

System	Entitlement	Volume (ML)	Class of entitlement
Northern region continued			
Goulburn	Bulk Entitlement (Goulburn System – Snowy Environmental Reserve) Order 2004	30,252 8,156	High reliability Low reliability
	Environmental Entitlement (Goulburn System – Living Murray) 2007	39,625 156,980	High reliability Low reliability
	Environmental Entitlement (Goulburn System – Northern Victoria Irrigation Renewal Project (NVIRP) Stage 1) 2012	1,891 ⁵	High reliability
	Goulburn River Environmental Entitlement 2010	26,555 5,792	High reliability Low reliability
	Silver and Wallaby Creeks Environmental Entitlement 2006	n/a	Passing flow only
	Water Shares – Snowy River Environmental Reserve	8,321 17,852	High reliability Low reliability
	Water shares – the Living Murray program	5,559	High reliability
Broken	Water Shares	90 19	High reliability Low reliability
Campaspe	Campaspe River Environmental Entitlement 2013	20,652 2,966	High reliability Low reliability
	Environmental Entitlement (Campaspe River – Living Murray Initiative) 2007	126 5,048	High reliability Low reliability
Loddon	Bulk Entitlement (Loddon River – Environmental Reserve) Order 2005 ^{3,4}	11,798 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

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

1. Water is accumulated continuously according to a percentage share of inflows to these entitlements (i.e. the Blue Rock 9.45%, Thomson 3.9%, Tarago 10.3%, Werribee 10.0%, Moorabool 11.9% and upper Barwon River 3.8%). This volume represents the designated storage volume available to VEWH under the entitlement except for Werribee because the VEWH entitlement does not include a storage share in the Werribee system. The actual volume available in any year varies according to inflows.
2. Water available under these entitlements is dependent upon suitable river heights rather than a permitted volume.
3. The entitlement includes passing flows in addition to a volumetric entitlement.
4. The entitlement includes unregulated water in addition to a volumetric entitlement.
5. This entitlement volume is the mitigation water savings from GMW Connections Project Stage 1, as verified in the latest audit.
6. Allocation against this entitlement is made subject to specific triggers, as specified in the entitlement.

1.2.2 Commission and Executive

The VEWH is overseen by a Commission responsible for the overall governance and strategic direction of the organisation and for delivering accountable performance and conformance in line with the organisation's goals and objectives.

As at April 2022, the VEWH Commission is comprised of four part-time Commissioners:

- Chris Chesterfield (Chairperson)
- Peta Maddy (Deputy Chairperson)
- Rueben Berg (Commissioner)
- Jennifer Fraser (Commissioner).

All appointments will conclude on 30 September 2023.

The VEWH Co-Chief 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 Chief Executive Officer role is an example of VEWH's commitment to flexible work arrangements. The Co-Chief 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, which are described in more detail below.

The program is overseen by the Victorian Minister for Water through the Department of Environment, Land, Water and Planning (DELWP).

Program partners are those organisations with a responsibility for delivering some part of the environmental watering program. It includes waterway managers, storage managers, land managers, and Commonwealth and Murray Darling Basin environmental water holders. The VEWH is committed to strengthening the role of Traditional Owners as program partners into the future, in line with self-determination.

Stakeholders are those organisations or individuals with a keen interest in the environmental watering program, who are engaged by one of the program partners during planning, delivery or reporting.

Waterway managers (catchment management authorities and Melbourne Water as defined under the *Water Act 1989*) are the regional planning and delivery arm of the program. In consultation with Traditional Owners and local communities, waterway managers develop environmental watering proposals for the rivers and wetlands in their region. Waterway managers order water for the environment from storage managers, and they monitor the outcomes of releases. 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 and its program partners recognise the intersection between the aims of the environmental watering program – healthy waterways, healthy communities – with the deep and enduring obligations Traditional Owners have to Country and community. In many regions of Victoria, Traditional Owners and their representatives have strong relationships with local waterway managers, and they are working to embed the involvement of Traditional Owners, their rights and objectives, and knowledge into the management of water for the environment. More can be

done to increase this contribution and provide greater opportunities for self-determination within and beyond the program. The VEWH and its program partners will continue to play an active role in enabling this within the existing framework and supporting longer term reforms to the framework.

The VEWH decides where water for the environment will be used, carried over or traded, to optimise outcomes for the state's waterways. In northern Victoria, the VEWH also works with the Commonwealth Environmental Water Office (CEWO), the Murray-Darling Basin Authority (MDBA) and the New South Wales and South Australian governments to prioritise how and where water is used and to ensure the use of water for the environment is coordinated to optimise the health of the connected waterways of the Murray-Darling Basin.

Storage managers — designated water corporations — deliver water for all water users including waterway managers and environmental water holders.

Public land managers (such as Parks Victoria [PV], DELWP and Traditional Owner [TO] land management boards for jointly managed parks) are closely involved in planning and delivering water for the environment on public land (such as state forests and national parks). Their responsibilities include controlling infrastructure (such as pumps, outlets, gates and channels) and public signage. Some environmental watering also occurs on private land, in partnership with landholders or corporations.

The VEWH works in collaboration with DELWP which oversees the Victorian environmental water policy and governance frameworks, on behalf of the Minister for Water. This includes delivery of Victoria's commitments under the Murray-Darling Basin Plan and coordination of state-scale environmental flow monitoring and assessment programs.

The environmental watering program also draws on the important knowledge of scientists, Traditional Owners, peak body representative groups and a variety of interested local community members.

Scientists provide indispensable evidence about how water for the environment supports native plants and animals in the short and long term, and they work with waterway managers to monitor, evaluate and report on environmental watering outcomes.

Peak body representative groups play an important role in communicating the interests of their members. They assist the VEWH and its partners to understand what is important to them and their members and can help share information with people who are interested in the program. For example, working with a kayaking association can help identify waterways, locations and timing of flows that are good for kayakers, can help gather observations about a waterway, and can help kayakers to know when flows might be delivered and why.

Local community members help identify environmental values in each region and help monitor the success of environmental watering. Local communities make great use of their local rivers and wetlands, and they bring a wealth of cultural, economic, recreational, and social perspectives to the program.

Citizen scientists are increasingly monitoring environmental watering outcomes. In some regions, Birdlife Australia volunteers help monitor outcomes at wetlands, and Waterwatch volunteers collect water quality information to inform management decisions about some rivers.

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.

In 2022-23 the VEWH will develop a 10-year strategy that will frame how each of the program areas will align with and contribute to the strategic priorities and the future that is envisaged.

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

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
<p>Our Environment: Victoria's environmental water holdings are managed effectively and efficiently to optimise environmental outcomes for enduring benefit.</p>	<p>Planning Seasonal watering plan is evolving to incorporate new scientific knowledge, Aboriginal values and environmental knowledge, input from other stakeholders and adaptations to climate change, and strategic projects are progressed to improve future watering effectiveness.</p>	<p>Planning Seasonal watering plan published by 30 June and annually report on:</p> <ul style="list-style-type: none"> - the number of potential watering actions presented in the plan - specific watering actions that consider Aboriginal cultural values and uses of waterways - specific watering actions that consider social and recreational values and uses of waterways - systems where watering actions have been updated based on new environmental flow studies - improved environmental watering knowledge and outcomes through; <ul style="list-style-type: none"> - funding and/ or influencing environmental flow monitoring and research - contributions to Government policy - supporting complementary works and measures that improve environmental flow outcomes. 	<p>Strategic Improved portfolio optimisation through progress on 1) landscape scale planning and prioritisation, 2) preparedness for drought and climate change, 3) improved operational (i.e. policy) environment, and 4) improved water governance (including improved trade decision making).</p> <p>Operational Seasonal watering plan and inter-jurisdictional watering proposals developed in collaboration with our program partners. Monitoring and research influenced and results shared with program partners and community to demonstrate outcomes, manage risks, fill knowledge gaps, and incorporate that knowledge in planning decisions. Effective input to and implementation of Government policy. Priority complementary projects identified and supported to improve environmental watering outcomes.</p>	<p>1.8 Monitoring (Structure) 4.6 Plan (Strategy) 4.7 Publication (Written)</p>

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
	<p>Delivery</p> <p>Water holdings are used, carried over and traded in accordance with seasonal conditions to reduce the gap between the required water regime and actual water regime at priority waterways.</p>	<p>Delivery</p> <p>Percentage of priority watering actions delivered supported by:</p> <ul style="list-style-type: none"> - trend analysis - results from monitoring programs that demonstrate watering outcomes - summary of trade activity undertaken to achieve priority watering actions and optimise use of available portfolio for enduring benefit. 	<p>Operational</p> <p>Water use authorised and partners supported to deliver it in accordance with seasonal watering plan.</p> <p>Carryover and trade strategies developed and implemented.</p> <p>Water accounting undertaken to measure, track, report and pay for water use.</p>	<p>1.8 Monitoring (Structure)</p> <p>3.3 Water</p> <p>4.1 Approval and advice (Notice)</p> <p>4.6 Plan (Strategy)</p> <p>4.6 Plan (Management)</p> <p>4.6 Plan (Engagement)</p>
<p>Our Communities: Engagement, understanding and contribution of partners, stakeholders and communities in the environmental watering program is strengthened.</p>	<p>Participation of Traditional Owners in water for the environment planning and management is increased.</p>	<p>Number of watering, planning and management activities that Traditional Owner groups were involved in annually.</p>	<p>Strategic</p> <p>Activities delivered to support VEWH's contribution to self-determination aspirations and recognition of Traditional Owners' knowledge, values, practices and rights in the environmental watering program.</p>	<p>4.6 Plan (Engagement)</p>
	<p>Community and stakeholder understanding of and contribution to the watering program is increased.</p>	<p>Percentage of actions of Communications and Engagement Strategy delivered, supported by:</p> <ul style="list-style-type: none"> - examples to illustrate activities and achievements. 	<p>Strategic</p> <p>Evaluation of existing communication and engagement activities completed, in liaison with key program partners, and possible innovations identified.</p> <p>Updated stakeholder analysis and mapping completed, and strategic opportunities identified.</p> <p>Operational</p> <p>Annual Communications and Engagement Strategy developed and delivered to support transparency of environmental watering objectives, decisions, and outcomes, and community shared benefits from the environmental watering program.</p>	<p>4.4 Engagement event</p> <p>4.5 Partnership</p> <p>4.7 Publication</p>
	<p>Program partnerships for coordinated communication and delivery of the environmental watering program are strengthened.</p>	<p>Results of annual survey of key program delivery partners satisfaction with VEWH partnerships.</p>	<p>Operational</p> <p>Environmental watering partnerships supported and maintained through facilitation of or participation in operational advisory groups, watering coordination and communications and engagement committees and direct engagement with partners and groups as appropriate.</p> <p>Annual survey of key program partners' satisfaction with VEWH partnership.</p>	<p>4.4 Engagement event</p> <p>4.5 Partnership</p> <p>4.7 Publication</p>

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
Our Culture: The VEWH is a highly-capable, well-governed organisation that demonstrates a culture of collaboration, integrity, commitment and initiative.	The VEWH workforce is diverse, engaged and supported to safely deliver the VEWH's work program.	Results of People Matter survey annually and organisational culture survey every four years maintained or improved.	Operational People Strategy implementation. Internal work planning and prioritisation processes effectively undertaken. Policies and procedures regarding recruitment, diversity and inclusion, flexible work arrangements implemented.	4.6 Plan (Strategy)
	VEWH finances are managed effectively.	Variance of actual expenditure to budgeted expenditure is within 10 percent (excluding trade revenue/ expenditure and water delivery costs).	Operational Financial performance planned, managed and reported on.	4.7 Publication (Written)
	Governance requirements are complied with.	<i>Water Act 1989</i> , Financial Compliance Management Framework, Ministerial rules and water holdings obligations fulfilled on time – 100 percent compliance.	Operational 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 five years.	Operational Corporate risk management processes and strategy implemented. Victorian Environmental Watering Program Risk Management Framework implemented, including annual operational risk workshops with program partners.	4.5 Partnership

* From DELWP output data standard, version 3, March 2021.

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 and strategic risk heat map
- 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 external members (including the Chair).

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 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. The framework was last updated in 2021.

3.1 Challenges and risks

The key challenges and strategic risks which may impact 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	Key mitigating actions
<p>Inability to achieve or demonstrate outcomes of the environmental watering program over the long-term.</p> <p>This risk may be 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 • complexity and time lags between environmental water and ecological response • inadequate operational and ecological monitoring and research to assess outcomes. 	<p>Use a scenario-based, seasonally adaptive approach in seasonal water planning to optimise environmental outcomes under different conditions.</p> <p>Strengthen portfolio optimisation framework to improve decisions about how environmental water is used across Victoria.</p> <p>When possible, fund and/or influence metering, monitoring, research programs and citizen science to better assess environmental outcomes and key knowledge gaps.</p> <p>Share knowledge outcomes of monitoring and research with partners and stakeholders.</p> <p>Participate in relevant science technical forums and project steering committees for monitoring programs and environmental flow studies.</p> <p>Work with DELWP, CMAs, MDBA and CEWO to 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> <p>Coordinate and plan water delivery with program partners and stakeholders.</p>
<p>Unintended major third-party impacts from environmental watering.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • lack of real time information during a watering event that would allow action to be modified if necessary • unexpected event (e.g. flood, fire, blue green algal bloom) immediately before, during or after an environmental watering action • insufficient resourcing of partner organisations to undertake all necessary controls. 	<p>Work with CMAs to undertake thorough planning and adaptive management procedures followed during development of the seasonal watering plan and delivery plans to ensure watering actions are feasible and can be delivered with no major risk to people and property.</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>Facilitate incident reporting and response throughout the year and ensure that actions are undertaken by VEWH or partners as required to minimise impact if incident occurs and to apply relevant lessons learned to future events.</p>

Strategic risks	Mitigating actions
<p>Unintended adverse environmental impacts from environmental watering.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • complex interactions between environmental water and natural conditions mean that actions to achieve one environmental objective may adversely affect other objectives • unknown consequences associated with new watering actions • incomplete information about antecedent conditions and hydrological forecasts before an environmental watering action is delivered • unexpected event (e.g. flood, fire, blue green algae bloom) immediately before, during or after an environmental watering action • lack of real time information during a watering event that would allow action to be modified if necessary. 	<p>Application of the Victorian Environmental Watering Program Risk Management Framework.</p> <p>Work with CMAs to undertake thorough planning and adaptive management procedures during development of the seasonal watering plan and delivery plans to ensure watering actions are based on best available environmental and cultural heritage knowledge.</p> <p>Apply critical actions in operating arrangements such as:</p> <ul style="list-style-type: none"> • 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 • where possible, improve knowledge through risk-based or event-based monitoring and apply learnings from one system to other systems for adaptive management • facilitate incident reporting and response throughout the year and ensure that actions are undertaken by VEWH or partners as required.
<p>Some communities and stakeholders do not support the Victorian environmental watering program.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • community hardship and 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>Targeted communications and engagement strategy, supported by fit-for-purpose key messages about the environmental watering program, informed by findings from social research into Victorians' knowledge, attitudes and perceptions of environmental water.</p> <p>Support co-ordinated communications and engagement activities across the environmental watering program with program partners.</p> <p>Support CMAs to undertake engagement with their communities as required and to communicate planned actions and their objectives.</p>
<p>Insufficient capability and capacity within the VEWH or our program partners to deliver the environmental watering program.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • loss of corporate knowledge because of staff turnover • water scarcity or affordability • reduced resources for the VEWH and/or its program partners. 	<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>Annual review of the Corporate Plan and core business outputs and initiatives.</p> <p>Risk Management Framework effectively planned and implemented.</p> <p>People Strategy implementation.</p>
<p>Disruption to digital information and security and/or exposure to fraud.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • digital disruption to VEWH's information management systems or shared services arrangements with DELWP or other partners • legacy systems vulnerable to attack • integrity of information compromised by staff and/or external parties • fraud and corruption. 	<p>Business Continuity Plan in place.</p> <p>Compliance with DELWP ICT policy, standards and procedures.</p> <p>Annual VAGO audit of financial systems.</p> <p>Compliance with VEWH business rules – Fraud & Corruption and Gifts, Benefits and Hospitality.</p> <p>Private interest declarations by Commissioners, Committee members and staff with financial delegations.</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:

- develop a 10-year strategy for the VEWH that explores the challenges facing the environmental watering program, the future that is envisaged and the rationale for strategic priorities
- improving decision making through landscape-scale prioritisation to better adapt to climate change
- working with DELWP and waterway managers to develop clearer environmental objectives for waterways at a state and regional scales
- increasing the sophistication and transparency of trade decision making and investment
- improving drought preparedness
- support Traditional Owner self-determined water aspirations and access to water consistent with the VEWH's Working with Traditional Owners Statement
- strengthening engagement of Traditional Owners and better incorporation of traditional ecological knowledge
- strengthening relationships with key stakeholder to promote greater understanding of the governance of the Water Holdings, the VEWH role, and the outcomes achieved by water for the environment
- continued focus on workload management, working from home arrangements, staff development, engagement and retention
- streamlining core business activities to reduce workload stress including better defining 'fit for purpose' outputs and exploring behaviours./work styles that contribute to workload stress at all levels of the organisation
- continuous improvement of the implementation of the Murray-Darling Basin Plan
- influence research and monitoring to evaluate outcomes of environmental watering and inform adaptive environmental water management
- input to relevant public policy development and implementation
- community awareness of environmental issues following drought, bushfire and flood impacts
- strengthening our role in integrated catchment management
- alignment of our outcomes to the United Nations Sustainable Development Goals
- embracing technology including video conferencing, 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, and interest. The revenue will be used to deliver the three VEWH programs.

The VEWH is largely funded through Environmental Contribution Tranche 5 funding initiative *Improving the health of Victoria's waterways and catchments in the face of escalating impacts of climate change* and will receive \$30 million over the four-year Tranche 5 period which commenced in 2020-21.

Funding from the Tranche 5 period is lower than funding provided in the previous tranche. For the last two years of the Tranche 5 period (2022-23 and 2023-24), the VEWH's activities have been adjusted to account for this reduction. This adjustment will not impact the VEWH's ability to meet statutory and policy obligations, however there are risks to the ability to deliver some watering actions, demonstration of watering outcomes, and effectiveness of community and Traditional Owner engagement. The VEWH will seek to cover delivery and carryover costs with the Environmental Contribution funding provided.

The VEWH holds funds carried forward from water allocation sold in previous years (trade revenue). The VEWH plans to draw down on these funds over the remaining Tranche 5 period to fund strategic activities that optimise environmental outcomes for enduring benefits. Trade revenue is not used to support core operations - see section 4.5.5. The VEWH has assumed that the next tranche of Environmental Contribution funding will be sufficient to cover both core and strategic activities.

Funding from the Commonwealth Government and associated expenditure to deliver water on its behalf is determined through partnership agreements. Financial projections for the next four years assume a continuation of the current arrangements in place (see section 4.5.6).

The Corporate Plan may be varied if there is an increase or decrease in revenue of more than 10 per cent of the forecast for this 12-month period.

4.1 Programs budget

Table 5: Programs budget 2022-23

		Income (\$'000)					Expenditure (\$'000)	Carry forward (\$'000)
		a	b	c	d	e = a+b+c+d	f	g = e-f
Program	Investor Program Reference ¹	Carry-fwd. from 2021-22	State Government funding	Commonwealth Government funding	Other funding	PROGRAM TOTAL	PROGRAM TOTAL ²	Carry-fwd. to 2023-24
Our Environment	S1, S2, C1, C2, O1	3,815	5,154	2,498	0	11,467	9,008	2,459
Our Communities	S1	0	1,112			1,112	1,112	0
Our Culture	S1, O2	0	1,473		10	1,483	1,483	0
Totals		3,815	7,739	2,498	10	14,062	11,603	2,459

¹ A description of each Investor Program Reference is included in Table 6.

² Staff costing has been split across the three programs.

4.2 Income assumptions

Table 6: Income assumptions (Investor Programs) for the forthcoming financial year

Investor Program Reference	Source of funding	Investor Program title	Project / Activity	Amount (\$'000)
State Government				
S1	Department of Environment, Land, Water and Planning	VEWH – Environmental Water Management and Delivery – 2020-21 to 2023-24	Our Environment; Our Community; Our Culture	7,489
S2	Department of Environment, Land, Water and Planning	Murray-Darling Basin Plan implementation	Our Environment	250
			Sub-total	7,739
Commonwealth Government				
C1	Murray-Darling Basin Authority	Living Murray program	Our Environment	2,095
C2	Commonwealth Environmental Water Holder	Commonwealth environmental water management	Our Environment	403
			Sub-total	2,498
Other				
O1	Water trade revenue	Water trading	Our Environment	0
O2	Westpac	Interest revenue	Our Culture	10
			Sub-total	10
			Total	10,247

4.3 Operating statement

Table 7: Operating Statement

\$'000 Year Ended 30 June	Budget Base year 2021-22	Forecast Base year 2021-22	Year 1 2022-23	Year 2 2023-24	Year 3 2024-25	Year 4 2025-26
Revenue						
Victorian Government Contributions/ Grants ¹	7,456	7,456	7,489	7,555	9,220	9,444
MDBP Implementation Funding (DELWP) ²	250	250	250	250	250	250
Commonwealth Government Contributions/Grants ³						
- Living Murray	3,104	2,366	2,095	2,070	2,147	2,247
- Commonwealth Environmental Water Holder	353	330	403	410	419	430
Other Contributions	0	0	0	0	0	0
Interest ⁴	15	6	10	8	8	8
Sale of water allocation ⁵	0	475	0	0	0	0
Total revenue	11,178	10,883	10,247	10,293	12,044	12,379
Expenditure						
Employee expenses ⁶	2,807	2,763	3,086	3,159	3,246	3,344
Environmental Water Holdings and Transactions	7,959	7,285	7,260	7,146	7,515	7,720
Water storage and delivery						
- VEWH ⁷	4,481	4,565	4,738	4,642	4,924	5,017
- Living Murray ⁸	3,104	2,366	2,095	2,070	2,147	2,247
- Commonwealth Environmental Water Holder ⁹	353	330	403	410	419	430
Water purchases ¹⁰	21	24	24	24	25	26
Grants for outcomes reporting, risk & adaptive management, engagement ¹¹	110	217	176	179	183	188
- Catchment Management Authorities	110	217	176	179	183	188
- Water Corporations	0	0	0	0	0	0
Other Operating Expenses	1,005	1,153	1,081	1,100	1,125	1,153
- Transfer to DELWP - trade revenue projects ¹²	0	0	0	0	0	0
- Other ¹³	1,005	1,153	1,081	1,100	1,125	1,153
Total expenditure	11,881	11,418	11,603	11,584	12,069	12,405
Operating surplus/ (deficit)	(703)	(535)	(1,356)	(1,291)	(25)	(26)

1. Funding from the Environmental Contribution Tranche.
2. Funding for the Murray-Darling Basin Plan implementation received via DELWP has not yet been confirmed with a funding agreement.
3. The budget revenue from the Living Murray program and Commonwealth Environmental Water Holder are for entitlement charges and water delivery costs associated with delivery of their water holdings. The 2022-23 budget is based on the continuation of arrangements and fees in 2021-22, updated with forecast water volumes.
4. Estimated interest earned in 2021-22 is based on forecast cash balances and the Centralised Banking System interest rate from the most recent change effective from 4 November 2020.
5. As at 31 March 2022, a sale of water allocation was being undertaken. A forecast has been provided for 2021-22, however there are a number of possible outcomes due to varying prices and total volume to be sold. The final volume sold and total revenue received will be reported in the VEWH 2021-22 Annual Report. Due to past significant variability and the inability to reliably forecast weather and water availability in the forward years, no values have been included. This further avoids providing any unintended signals to water market participants. Refer to section 4.5.5 for further information.
6. Estimated employee expenses include the addition of a new position to support the VEWH incorporating Aboriginal values and traditional ecological knowledge in management of the holdings. Employee expenses are indexed according to the Victorian Public Service agreement.
7. Includes VEWH entitlement charges and grants to catchment management authorities and water corporations for water delivery and management costs. The 2022-23 budget is based on the continuation of arrangements and fees in 2021-22, updated with a cap on delivery volumes.
8. Expenditure is balanced by recoup of revenue from the Living Murray program. See footnote 3 above.
9. Expenditure is balanced by recoup of revenue from the Commonwealth Environmental Water Holder. See footnote 3 above.
10. Water purchases are dependent on weather conditions, water availability and environmental needs during the year. Due to past significant variability and the inability to reliably forecast weather conditions and water availability in the forward years, only one expected potential purchase in the Maribyrnong system has been included. Refer to section 4.5.5 for further information.
11. Grants are paid for monitoring, metering and technical projects and engagement activities around environmental water.
12. Transfer of trade revenue to DELWP for complementary works and measures projects. There are no projects currently budgeted.
13. 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 2021-22	Forecast Base Year 2021-22	Year 1 2022-23	Year 2 2023-24	Year 3 2024-25	Year 4 2025-26
Current assets						
Cash and Cash Equivalents	2,600	3,815	2,459	1,168	1,143	1,117
Receivables	867	759	835	919	1,011	1,112
Total assets	3,467	4,574	3,294	2,087	2,154	2,229
Current liabilities						
Payables	0	0	0	0	0	0
Leave Provisions	722	634	697	767	844	928
Non-current liabilities						
Long Service Leave Provision	145	125	138	152	167	184
Total liabilities	867	759	835	919	1,011	1,112
Net assets	2,600	3,815	2,459	1,168	1,143	1,117
Equity						
Accumulated surplus (deficit)	2,600	3,815	2,459	1,168	1,143	1,117
Total equity	2,600	3,815	2,459	1,168	1,143	1,117

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. The financial projections for these charges over the period of the Corporate Plan assume a continuation of the arrangements in place in 2021-22, plus Consumer Price Index (CPI). Any significant pricing changes due to water corporation fee schedule or policy changes will require a variation to this corporate plan.

4.5.2 Revenue

As noted above, the VEWH is largely funded through Environmental Contribution Tranche 5 funding. Funding arrangements span from 2020-21 to 2023-24.

The VEWH receives interest revenue from cash investments and can also receive revenue from the sale of water allocation (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.

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 the management costs of the Water Holdings. It is important that the VEWH can carry forward to ensure sufficient funding to provide for conditions which are above or below average 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 stored 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.

4.5.5 Water trade

The VEWH has the statutory right to trade 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 of allocation is used to address inter-annual seasonal variability. Trade revenue is not a predictable source of revenue and therefore cannot be relied on to support core operations.

The operating statement includes likely water purchases in the four-year budget forecast. Other trades (both purchases and sales) may occur, however the variability of seasonal conditions, water availability and market rates mean the value cannot be reliably estimated. Table 9 outlines historical water trade data up to 2021-22. The table illustrates the variability in volume and value that is due to seasonal conditions, price and environmental water needs. Providing unreliable and uncommitted estimates could give an unwarranted signal to other market participants. As at 31 March 2022, a sale of water allocation was being undertaken. A forecast has been provided for 2021-22, however there are a number of possible final outcomes due to varying prices and total volume to be sold.

Table 9: Historical water trade from the past five years

Year Ended 30 June	Actual 2017-18	Actual 2018-19	Actual 2019-20	Actual 2020-21	Forecast 2021-22 [*]
Sale of water allocation					
Total sale value (\$'000)	1,924	4,862	0	0	475
Total sale volume (ML)	15,000	10,000	0	0	Up to 12,000
Water purchases					
Total purchase value (\$'000)	10	321	0	0	24
Total purchase volume (ML)	300	1,300	0	0	315

* As at 31 March 2022. The sale value forecast is based on one possible scenario of an average per ML price. The sale volume is the maximum amount available for sale.

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. Funds from previous water sales are held within the carry forward balance to invest in future water purchases to address high-priority shortfalls, strategic activities, knowledge, research, complementary works and measures or other priorities to improve management of the holdings and performance of Victoria's environmental watering program. Funds used from trade revenue may be replaced over the four-year corporate plan period through potential future trade opportunities.

Any investment in knowledge, research or complementary works and measures, will be done in collaboration with DELWP to ensure complementarity and efficiencies between the programs of the two organisations. Opportunities for co-investment in projects will be explored.

4.5.6 Delivery of water for other water holders

The Living Murray program is an interstate initiative aimed at improving the health of the Murray River. 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 (GMW). 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 physical assets, such as water delivery infrastructure, or office equipment (which is sourced from DELWP).

When created, the VEWH was gifted environmental water entitlements by the Victorian Government. The Minister for Water issued environmental water entitlements under section 48B of the *Water Act 1989*, and maintains oversight over the entitlement framework and transactions. The VEWH has not recognised its entitlements as intangible assets due to the recognition and measurement criteria in the accounting standards and financial reporting directions.

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

vewh.vic.gov.au

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