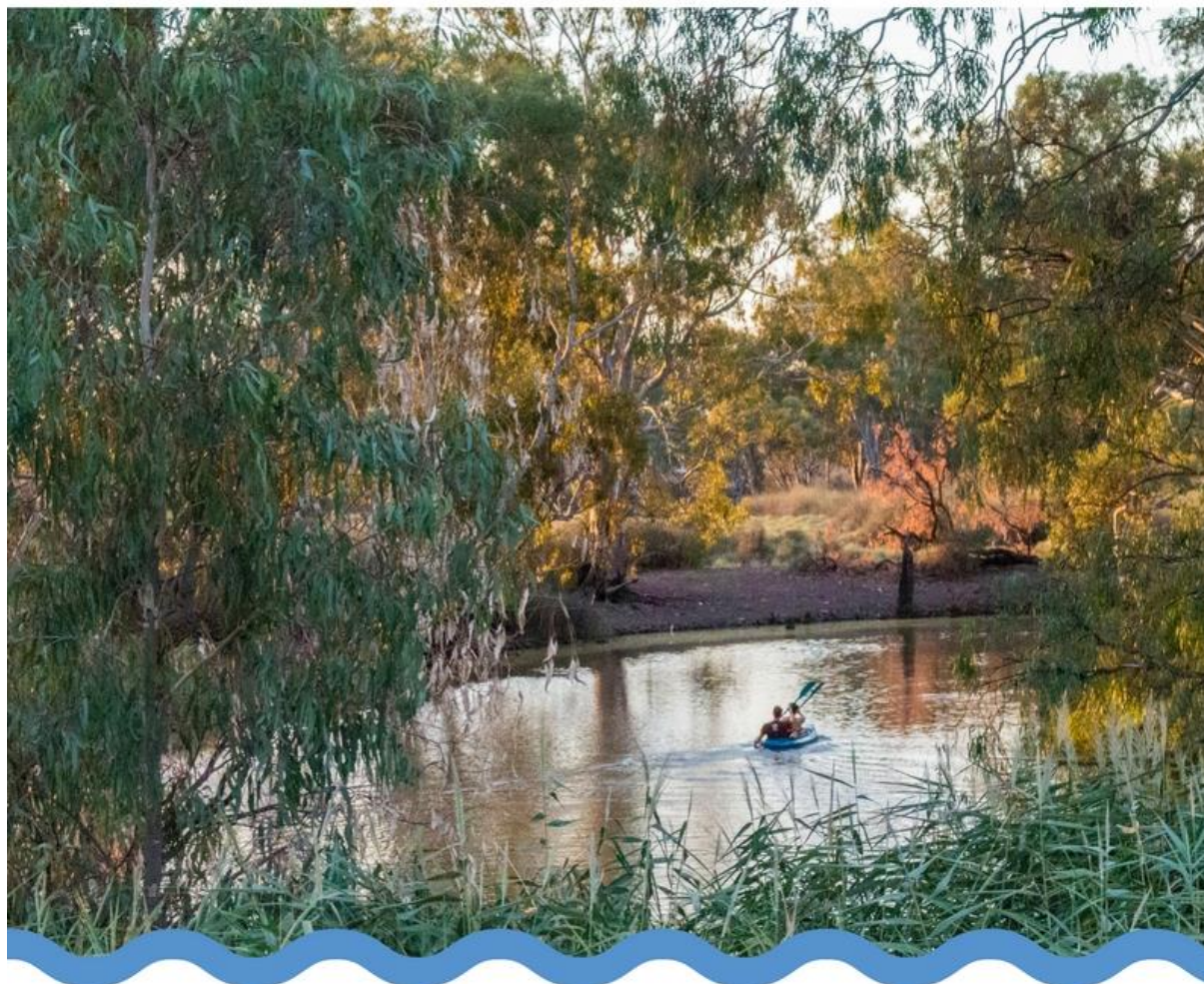


Victorian Environmental Water Holder

Corporate Plan

2018-19 to 2021-22



www.vewh.vic.gov.au



VEWH Commissioners: Chris Chesterfield, Rueben Berg, Geoff Hocking and Denis Flett at Barmah Forest by Sarina Loo, VEWH.

Acknowledgement of Victoria's Traditional Owners

The VEWH proudly acknowledges Victoria's Aboriginal community and their rich culture, and pays respect to their Elders past and present.

The VEWH acknowledges Aboriginal people as Australia's first peoples and as Traditional Owners and custodians of the land and water on which we rely.

The VEWH recognises and values the ongoing contribution of Aboriginal people and communities to Victorian life and how this enriches us. The VEWH embraces the spirit of reconciliation, working towards equality of outcomes and ensuring an equal voice.

Contents

Overview.....	4
1 Introduction.....	7
1.1 Key partnerships.....	9
1.1.1 Community and stakeholder engagement.....	10
1.2 Statutory objectives, functions, powers and obligations	11
1.3 Governance arrangements	13
1.4 Government policy context.....	15
1.5 Operational context.....	16
2 Statement of corporate intent.....	17
2.1 Vision, mission and values.....	17
3 Business Plan	19
3.1 Critical core business outputs	19
3.2 Strategic initiatives	22
3.3 Performance indicators	25
3.4 Corporate policies and strategies.....	25
3.4.1 Financial management.....	25
3.4.2 Human resource management.....	26
3.4.3 Information systems management	26
3.4.4 Risk management.....	27
4 Financial projections	29
4.1 Assumptions	29
4.1.1 Water Holdings	29
4.1.2 Inter-annual seasonal variability.....	29
4.1.3 Revenue	29
4.1.4 Carry forward.....	30
4.1.5 Water trade.....	30
4.1.6 Delivery of water for other water holders.....	30
4.1.7 Assets and liabilities.....	31
4.2 Statement of financial performance.....	32
4.3 Summary of planned programs	33
4.4 Balance sheet	33

Overview

The Victorian Environmental Water Holder (VEWH) Corporate Plan 2018-19 to 2021-22 outlines the framework for the VEW's future performance and provides clear direction for the VEW's eighth year to the end of its eleventh year of operation. This plan includes the vision, mission, values and behaviours that define what the organisation stands for and what it is striving to achieve. Figure 1 provides an overview of the VEW's strategic direction (page 5). Figure 2 provides an overview of the VEW's key concepts (page 6).

The VEW has a niche role – it is the only state-wide organisation working solely in Victoria's environmental watering program. The VEW make decisions on why, where, when and how its available water and funds for the environment are 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.

In implementing this program, it is important to recognise the dynamic nature of the VEW's work. Seasonal conditions can vary considerably between years; this affects both the water for the environment requirements of particular sites (demand) and the availability of water for the environment (supply). This results in differing amounts of water being delivered from year to year and variable associated costs. Trade-offs may need to be made about watering actions undertaken in one year, which are provided at the expense of watering actions in the next. Trade-offs may also need to be made about forgoing watering actions to sell water allocation and use the resulting revenue for complementary works and measures, or improved knowledge and capability, that result in better environmental outcomes in the short or longer term.

Water for the environment is an element of integrated catchment management. Hence, collaborating with program partners is an important focus of the VEW, and this importance is embedded throughout this plan. Pivotal to the partnership are Victoria's waterway managers - catchment management authorities (CMAs) and Melbourne Water. Potential watering actions are proposed to the VEW annually, by the waterway managers, based on scientific studies, community knowledge and environmental watering experience. The VEW draws from these proposals to develop an annual seasonal watering plan, which sets the scope for environmental watering actions that could occur under a range of climatic scenarios (from drought through to wet conditions). By continuing to foster robust and mutually beneficial partnerships, the VEW can ensure it continues to effectively and efficiently manage Victoria's environmental Water Holdings.

The VEW continues to foster and build relationships with stakeholders interested in Victoria's environmental watering program. The VEW recognises the CMAs and Melbourne Water as the 'local faces' of environmental watering, and seeks innovative and effective ways to support and strengthen this local engagement.

This corporate plan sets out the VEW's roles as defined through its statutory objectives, functions, powers and obligations under the *Water Act 1989* (the Water Act) and the requirements defined in the Ministerial rules, and other relevant legislation. The plan also sets out where the VEW fits within broader management of water for the environment. By implementing the corporate plan, the VEW will seize opportunities to ensure it maximises environmental benefits for Victoria's waterways as the 2018-19 and future seasons unfold.

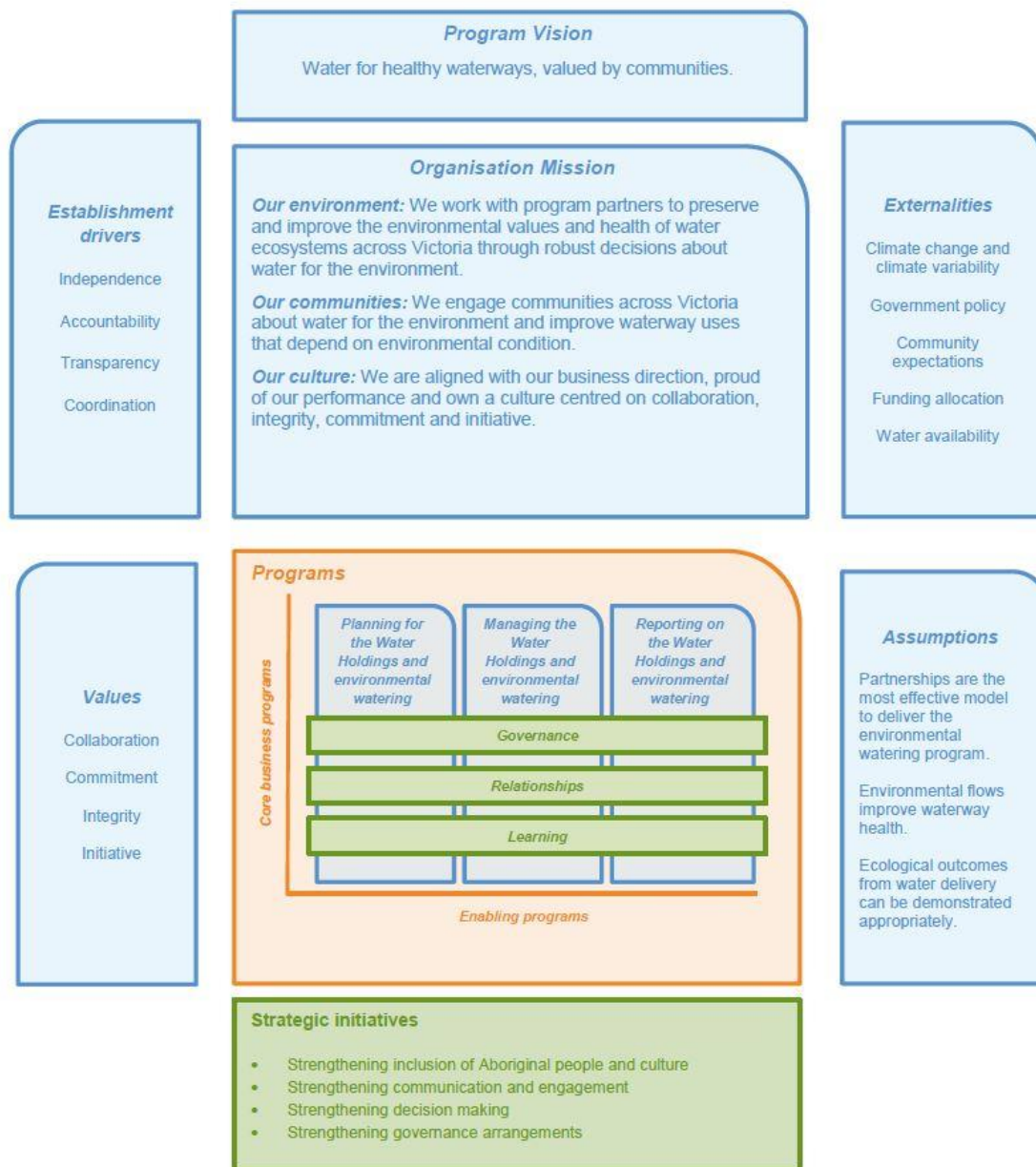
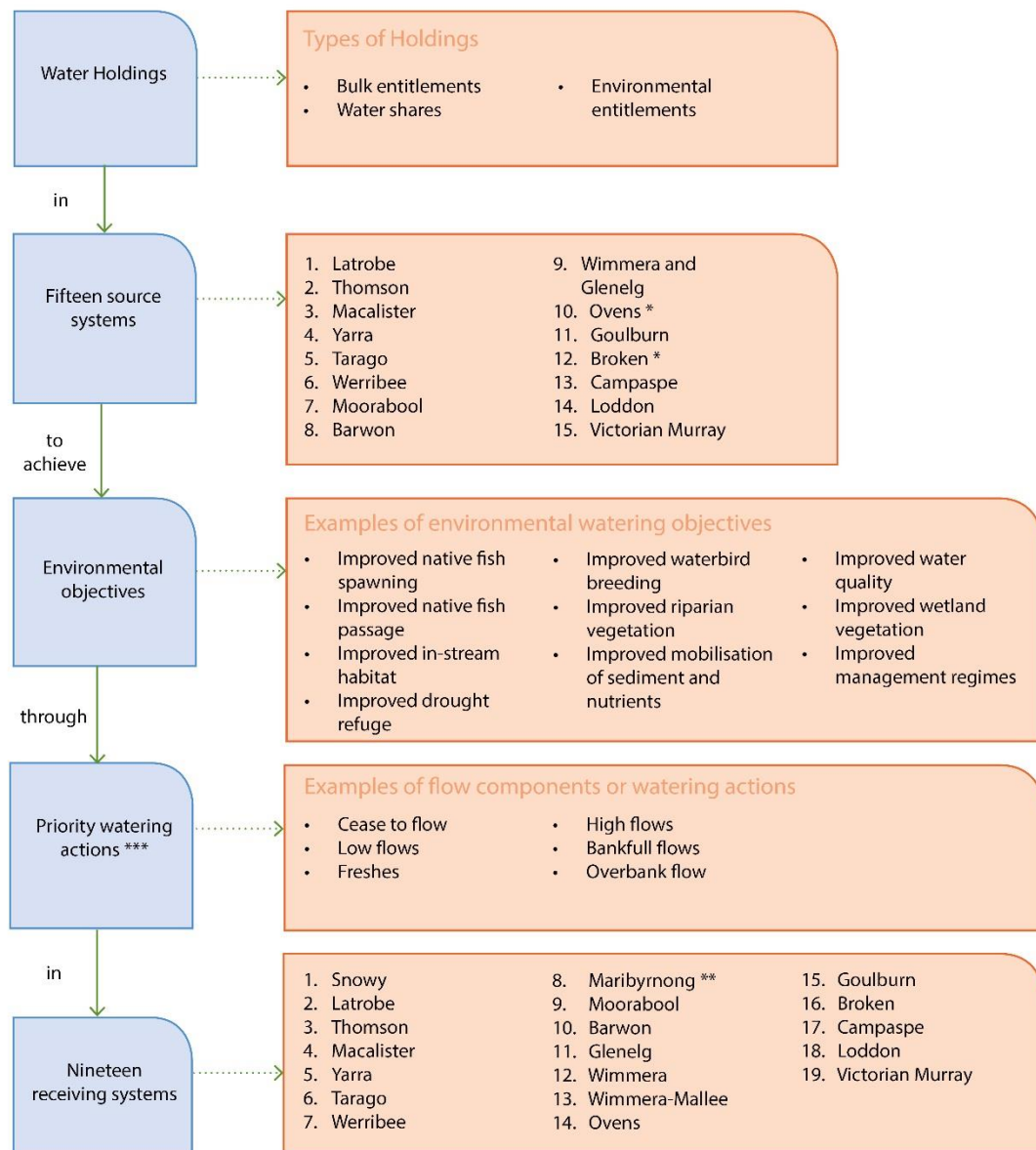


Figure 1 Strategic overview

The Victorian Environmental Water Holder (VEWH) manages:



* The Commonwealth Environmental Water Holder has Water Holdings in these systems, though the VEWH does not. These Holdings are applied via arrangements with the VEWH.

** The Maribyrnong has no formal water entitlement, but water can be purchased for environmental use.

*** The VEWH can also decide to carryover or trade environmental water, and use any resulting revenue from trade for water purchases in another system or year, complementary works and measures, or improved knowledge and capability, where this optimises environmental outcomes.

Figure 2 VEWH key concepts

1 Introduction

The VEWB was established on 1 July 2011 as an independent statutory body responsible for holding and managing Victoria's environmental water entitlements – the Water Holdings (see Table 1). The VEWB is responsible for making decisions on the most effective use, carryover or trade of Victoria's Water Holdings. If resources are scarce, this can mean looking across systems to identify the highest priority watering actions in Victoria. The use of the Water Holdings for environmental watering is critical in ensuring that Victoria's waterways can continue to provide the environmental benefits the community values most. In some instances, environmental outcomes may be optimised by selling environmental water in a given system and using the resulting revenue for water purchase in another system or year, complementary works and measures, or improved knowledge and capability.

This plan complements the Seasonal Watering Plan 2018-19 in communicating the benefits provided by the VEWB in collaboration with its program partners. Where the seasonal watering plan focuses on the scoping of and rationale behind priority watering actions, the Corporate Plan 2018-19 to 2021-22 outlines the VEWB's organisational objectives, programs, planned outputs, performance measures, strategic intent and financial forecasts.

Table 1 The Water Holdings (as at 30 April 2018)

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 Share of inflow
Macalister	Macalister River Environmental Entitlement 2010	12,461	High
		6,230	Low
Yarra	Yarra Environmental Entitlement 2006 ³	17,000 55	High 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	Pipeline product
		1,000	Wetland product
Goulburn	Goulburn River Environmental Entitlement 2010	8,851	High
		3,140	Low
	Environmental Entitlement (Goulburn System – Living Murray) 2007	39,625	High
		156,980	Low
	Environmental Entitlement (Goulburn System - NVIRP Stage 1) 2012	34,428 ⁵	High
	Bulk Entitlement (Goulburn System – Snowy Environmental Reserve) Order 2004	30,252	High
		8,156	Low
	Water Shares – Snowy River Environmental Reserve	8,321	High
		17,852	Low
	Silver and Wallaby Creeks Environmental Entitlement 2006 ³	0	Passing flow only
Campaspe	Environmental Entitlement (Campaspe River – Living Murray Initiative) 2007	126	High
		5,048	Low
	Campaspe River Environmental Entitlement 2013	20,652	High
		2,966	Low
Loddon	Bulk Entitlement (Loddon River – Environmental Reserve) Order 2005 ⁴	10,970	High
		2,024	Low
	Environmental Entitlement (Birch Creek – Bullarook System) 2009 ^{3,4}	100	n/a ⁶
	Water Shares – Snowy River Environmental Reserve	470	High
Murray	Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999	29,782	High
		3,894	Low
	Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999 – Barmah-Millewa Forest Environmental Water Allocation	40,000	Unregulated
		50,000	High
	Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999 – Living Murray	25,000	Low
		9,589	High
	Environmental Entitlement (River Murray – NVIRP Stage 1) 2012	101,850	Low
		34,300	Unregulated
	Bulk Entitlement (River Murray – Snowy Environmental Reserve) Conversion Order 2004	25,083 ⁵	High
	Water shares – Snowy Environmental Reserve	29,794	High
		14,671	High
		6,423	Low

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).

1.1 Key partnerships

The Victorian environmental watering program is undertaken through partnerships between various organisations (see Figure 3). Program partners have distinct roles and responsibilities that require them to work together to achieve environmental watering outcomes and improved management that incorporates learning.

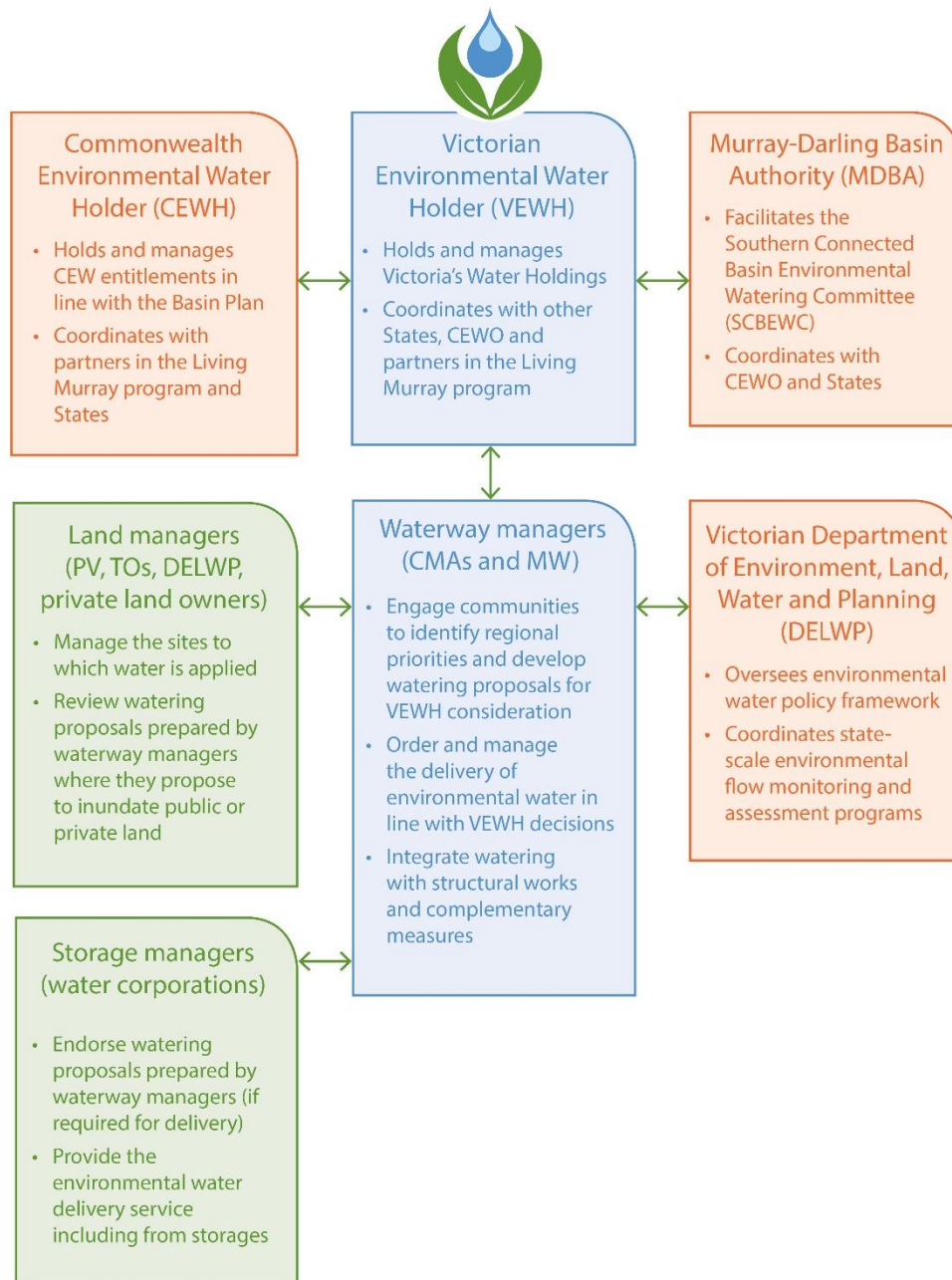


Figure 3 Key partnerships and relationships of the VEWH

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

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

The VEWB also works closely with DELWP who oversees the environmental water policy framework and coordinates state-scale environmental flow monitoring and assessment programs.

1.1.1 Community and stakeholder engagement

The ongoing success of the Victorian environmental watering program relies on partner collaboration and community support. Engagement and communication is critical to the effective operation of the VEWB and the long-term success of the Victorian environmental watering program.

An organisational communications and engagement strategy informs the goals and objectives of corporate communications and engagement activities undertaken by or supported by the VEWB.

At the state-level the VEWB engages with stakeholders to enable a better understanding and acceptance of environmental watering in the community and to understand their needs. The VEWB fosters key statewide relationships with state-level peak bodies from the environmental, agricultural and recreational sectors.

The VEWB engages with stakeholders by informing, consulting and collaborating in matters relating to environmental watering. This is done through mechanisms such as the *Victorian Environmental Water Matters Forum* and other statewide forums and workshops in addition to regular meetings.

In recognising the value that waterways have for Traditional Owners and Aboriginal Victorians it is important to ensure their participation in the environmental water program. Waterway managers play a key role in this consultation locally, with the VEWB 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's engagement activities are strongly supported and complemented by waterway managers and other agencies which the VEWH works with closely. This includes water storage managers, land managers such as Parks Victoria, and federal agencies such as the CEWO and MDBA.

1.2 Statutory objectives, functions, powers and obligations

VEWH was established by the *Water Amendment (Victorian Environmental Water Holder) Act 2010*. The VEWH's statutory powers and obligations are described in section 33DC to 33DE of the amended Water Act. The overarching objectives of the VEWH are to manage the Water Holdings for the purposes of:

- a) maintaining the environmental water reserve in accordance with the environmental water reserve objective
- b) improving the environmental values 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:

- 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."

The Water Act also describes the planning framework and reporting requirements that the VEWH is required to operate within. This includes the requirement to develop:

- a four-year corporate plan
- an annual seasonal watering plan
- seasonal watering statements as required
- an annual report (required under the *Financial Management Act 1994*).

Waterway managers also have responsibilities in this planning framework, which are summarised in Figure 4. These aspects of the VEWH's business are dealt with in considerable detail in the Seasonal Watering Plan 2018-19. Regional waterway strategies

and environmental water management plans developed by waterway managers, in consultation with local communities, are integral parts of the planning framework. While these documents are not directly used by the VEWB in its decision making, they form the building blocks or critical inputs for the seasonal watering proposals developed annually by waterway managers. As such, they are the foundation documents for the seasonal watering plan, and are important reference material for the VEWB.

Other key pieces of legislation under which the VEWB 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.



Figure 4 The environmental water planning framework

1.3 Governance arrangements

The VEWB is overseen by a Commission – a Chairperson and three Commissioners - responsible for setting the strategic direction and policy of the organisation. The Commission is accountable for establishing goals, objectives and programs for executive management, as well as monitoring the business.

The VEWB Commission is comprised of four part-time Commissioners:

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

These four were appointed by Governor in Council, upon recommendation of the relevant Minister. Under the Water Act, Commissioners must have knowledge of, or experience in, one or more of the following fields – environmental management, sustainable water management, economics or public administration. The Chairperson, Denis Flett, and two Commissioners', Geoff Hocking and Chris Chesterfield, current terms of appointment are for five years and commenced on 1 July 2014. A fourth Commissioner, Rueben Berg, was appointed on 1 September 2017. All appointments will conclude on 30 June 2019.

The Chairperson, the Co-Executive Officers and two Executive Managers, acts as an Executive Team. The Executive Team is responsible for managing the effective and efficient day-to-day operations of the VEW, ensuring its policies and strategies are effectively implemented, and that legislation and Government policies are complied with.

The VEW has an instrument of delegation in place which sets the approval levels required for all business activities. The Commission is supported by a staff of natural resource and water management experts, as well as communication and business management specialists, guided by the VEW Executive.

The VEW reports directly to the Minister for Water. DELWP has a role in policy development, governance oversight of the VEW, and advising the Minister on the VEW's performance. DELWP also has a role supporting the Minister in creating and amending water entitlements (see Figure 5).

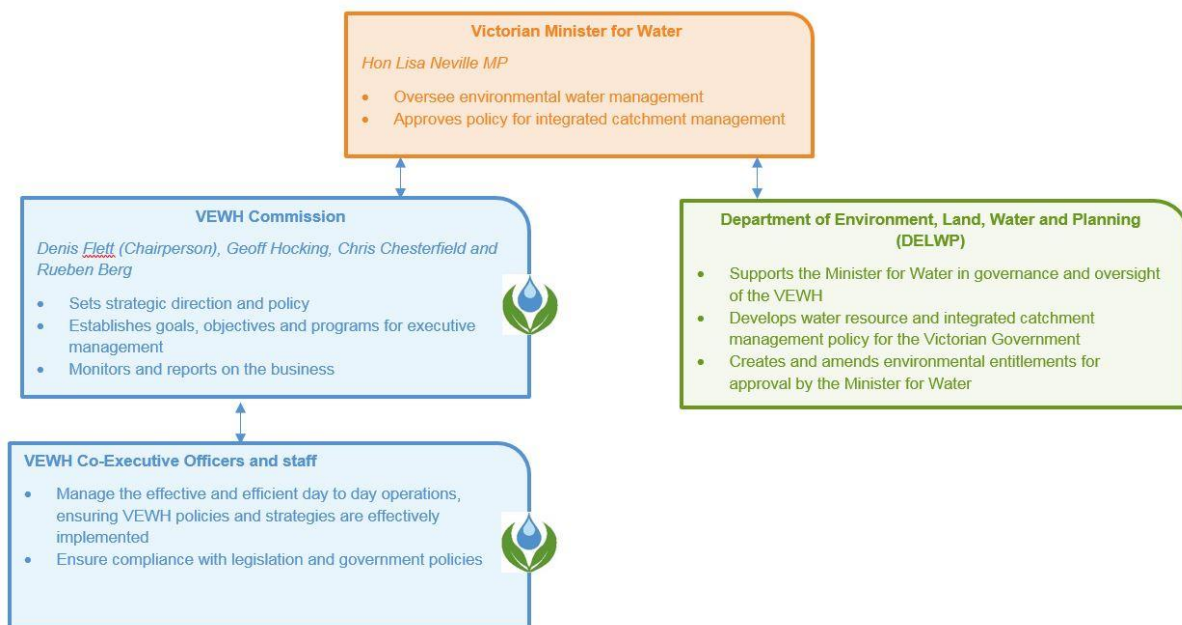


Figure 5 Governance structure

1.4 Government policy context

The VEWB operates under Ministerial rules developed under section 33DZA of the Water Act to guide specific elements of VEWB operations. These rules came into effect on 23 June 2014, and are available on the VEWB website.

The VEWB operates within Victorian Government policy. Key policy documents influencing the VEWB from a Victorian context include:

- the *Victorian Waterway Management Strategy* (VWMS) (2013)
- regional sustainable water strategies
- regional waterway strategies and
- *Water for Victoria – Water Plan* (2016).

Water for Victoria is a plan for a future with less water as Victoria responds to the impact of climate change and a growing population. The actions set out in *Water for Victoria* support a healthy environment, a prosperous economy with growing agricultural production, and thriving communities. Implementation of the actions will improve future operations of the water and catchment management industry, including the VEWB. Many of the *Water for Victoria*'s new policies are reflected in the VEWB's core business and strategic initiatives for the next four years (see pages 17-22).

Water for Victoria recognises that protecting and improving waterway health is a long-term commitment. The full benefits of strategic long-term investments in waterway health may not be realised for 30 years or more. Waterway managers have collectively identified 36 priority waterways across the state that will be the focus of 30-year plus large-scale projects. A map of Victoria showing these priority waterways can be found in *Water for Victoria*. A focus on large-scale, long-term projects across Victoria provides the opportunity to trial and communicate a statewide monitoring approach to better understand the outcomes from integrated waterway health works.

Providing water for the environment is just one element of integrated catchment management. Integrated catchment management is a holistic way of managing land, water and biodiversity from the top to the bottom of a catchment. Improving integrated catchment management will provide significant benefits for our waterways. To ensure maximum outcomes from environmental watering programs, complementary works are often needed. *Our Catchments, Our Communities* (2016) is the first statewide strategy for integrated catchment management in Victoria. The strategy will achieve more effective community engagement, better connections between different levels of planning, and strengthened regional catchment strategies. The strategy will also clarify roles, strengthen accountabilities and coordination, and improve monitoring, evaluation and reporting.

Providing water for the environment is critical to supporting Victoria's biodiversity. In early 2017, the Victorian Government released Victoria's biodiversity plan, *Protecting Victoria's Environment – Biodiversity 2037*. Coupled with reviews of the *Flora and Fauna Guarantee Act* (1988) and native vegetation clearing regulations, the biodiversity plan will ensure that Victoria has a modern and effective approach to protecting and managing Victoria's biodiversity.

The Murray-Darling Basin Plan (Basin Plan) is another key reform influencing the operation of the VEWB, particularly in relation to its planning and reporting framework in northern and western Victorian systems, which form part of the Murray-Darling Basin. The VEWB

continues to work closely with the Victorian Government and other agencies to implement the Basin Plan.

1.5 Operational context

There are a number of factors that influence the success of the Victorian environmental watering program, including:

- seasonal or climatic conditions, which affect both the environmental water requirements of particular sites (demand) and the availability of environmental water (supply) in a given year
- decisions by other water holders on the use of their environmental water
- State and Commonwealth government decisions on water resource policy
- resources, knowledge and capability within the VEWB and its program partners
- storage managers meeting their obligations to the environment associated with the right to harvest and distribute water sustainably
- complementary works and measures being undertaken
- funding availability
- services associated with management of the Water Holdings and delivery of environmental water.

Water for the environment is managed adaptively throughout the year, to take account of these factors. To prepare for the year ahead, the VEWB and its partners plan for water use and availability under a range of seasonal condition scenarios (see the Seasonal Watering Plan 2018-19). For example, watering actions identified as priorities in the drought and dry scenarios aim to protect the most critical values, while watering actions in wet scenarios aim to stimulate breeding and recruitment. These plans also consider the different risks that may need to be managed and mitigated as the season unfolds.

The VEWB is able to use this planning to inform its decisions about environmental water needs for the current and following seasons, and take steps to manage its environmental water supply availability using tools such as trade and carryover to ensure water is available when and where it may be needed. The VEWB continues to refine the application of consistent prioritisation criteria to commit water from the Water Holdings on a statewide basis (see Strategic Initiative 'Strengthening decision making', page 22).

2 Statement of corporate intent

2.1 Vision, mission and values

Vision

Water for healthy waterways valued by communities

Organisation mission

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

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

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

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 2.

Table 2 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 and mission.</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 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>

3 Business Plan

3.1 Critical core business outputs

The VEWH's core business outputs under each of its core business programs for 2018-19 are outlined in Table 3. These programs are critical to meeting our statutory requirements and include Planning, Managing, Reporting, Governance, Relationships and Learning.

Table 3 VEWH program goals and core business outputs for 2018-19

Program 1: Planning for the Water Holdings and environmental watering ("Planning")

It is through this program that the VEWH fully scopes out the potential watering actions for the coming year and inputs to the foundation documents which underpin them.

Goal: Clear and rational planning that facilitates sound and timely decision making.

Core business outputs for 2018-19:

- 1.1 Oversight of the development and refinement of environmental flow studies and environmental water management plans, as required.
- 1.2 Seasonal Watering Plan 2019-20 issued by 30 June 2019.
- 1.3 Contribute to Murray-Darling Basin environmental water planning through the Southern Connected Basin Environmental Watering Committee, annual submission of State environmental watering priorities by 31 May 2019 and other Commonwealth planning documents as required.
- 1.4 Contribute to the evolution and progression of the consideration of recreational values in waterway planning.

Program 2: Managing the Water Holdings and environmental watering ("Managing")

It is through this program that the VEWH makes decisions on the most effective use of Water Holdings, including use, carryover and trade, and authorises and supports waterway managers to undertake priority watering actions.

Goal: Sound and timely decisions made and activities undertaken that enable environmental watering in priority river reaches, wetlands and floodplains.

Core business outputs for 2018-19:

- 2.1 Input made to the development of new and amendment of existing environmental water entitlements, as required.
- 2.2 Ongoing demand-supply analyses undertaken to inform the development and timely implementation of carryover and trade strategies.
- 2.3 Environmental watering actions negotiated with other water holders and implemented via Victorian processes, as required.
- 2.4 Seasonal watering statements issued and publicly communicated with the associated rationale as required.
- 2.5 In-season water for the environment planning and delivery support to waterway and storage managers provided as required (e.g. Operational Advisory Groups).
- 2.6 Progress operating arrangements for the northern region systems and support implementation of associated pre-requisite policy measures (PPM) by 31 December 2018.
- 2.7 Metering programs updated as required.

Program 3: Reporting on the Water Holdings and environmental watering (“Reporting”)

It is through this program that the VEWH will communicate the environmental watering undertaken and the carryover and trade decisions made, and demonstrate and communicate the ecological outcomes achieved at key sites.

Goal: Effective management of the Water Holdings and improved environmental health demonstrated.

Core business outputs for 2018-19:

- 3.1 Website updated fortnightly with details of river systems receiving water for the environment, bi-monthly with details of water deliveries, and annually with seasonal watering plan information, environmental objectives and shared benefits.
- 3.2 *Reflections* reporting on watering actions and celebrating demonstrated environmental outcomes and shared community benefits, published by 31 October 2018. *Reflections* will promote results of monitoring/research projects and community observations of environmental watering outcomes.
- 3.3 Bi-monthly email newsletter developed and delivered to stakeholders and the community.
- 3.4 Reporting requirements under the Murray-Darling Basin Plan implemented as required, including input to the statement of assurance by 31 August 2018 and the monitoring and evaluation report by 31 October 2018.
- 3.5 Contribute to the Commissioner for Environmental Sustainability report on environmental outcomes of environmental watering in Victoria.

Program 4: Governance

It is through this program that the VEWH will ensure its corporate responsibilities are met, and sound decision making is supported, including minimising risks to safety and well-being.

Goal: Provide good governance to ensure independence, transparency and accountability, and to manage risks.

Core business outputs for 2018-19:

- 4.1 Commission and Risk and Audit Committee supported as required.
- 4.2 Commission performance assessed for 2017-18, improvement planned and report submitted to the Minister for Water by 31 August 2018.
- 4.3 Annual Report 2017-18 developed and tabled in Parliament in accordance with timelines provided by DELWP.
- 4.4 Knowledge management policy developed by 31 December 2018.
- 4.5 Corporate Plan 2019-20 submitted to the Minister for Water by 30 April 2019, a summary made publicly available by 30 June 2019 and regular reviews of implementation undertaken.
- 4.6 Corporate risk management processes and strategy implemented and reviewed by 30 June 2019 and risk register updated as required.
- 4.7 Review the People Strategy by 30 June 2019 and continue to strengthen corporate culture.
- 4.8 Safety and well-being incidents tracked via incident register and reported by 30 June 2019.

Program 5: Relationships

It is through this program that the VEWH will engage its key program partners and stakeholders and inform the community.

Goal: Effective working relationships and informed communities that facilitate and support the water for the environment program.

Core business outputs for 2018-19:

- 5.1 Communications and engagement activities for 2018-19 implemented to build and maintain collaborative relationships with program partners, stakeholders and the Minister for Water.
- 5.2 Provide resources to support waterway managers in their communications and engagement.
- 5.3 Target 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.
- 5.4 Build more productive and collaborative relationships with program partners and state-level stakeholders through regular meetings and development of shared communication or engagement activities.
- 5.5 Communications activities and engagement programs developed to promote the environmental, economic, social, recreational, Traditional Owner and cultural benefits of water for the environment.

Program 6: Learning

It is through this program that the VEWB will adapt its management, and influence others' management, on the basis of new knowledge and experience.

Goal: A leading role taken in improving water for the environment management.

Core business outputs for 2018-19:

- 6.1 Refine principles for evaluating monitoring projects that the VEWB funds to make projects more robust and ensure their results influence future management decisions. Share these principles with partner agencies by 30 September 2018.
- 6.2 Contributions made to broader monitoring programs, learnings considered and adaptations made (for example the Victorian Environmental Flows Monitoring and Assessment Program (VEFMAP), Wetland Monitoring Assessment Program (WetMAP), and CEWH long-term intervention monitoring) as required.
- 6.3 Outcomes of new research and monitoring to be shared with program partners as it becomes available and relevant findings incorporated into recommended watering actions in the 2019-20 Seasonal Watering Plan.
- 6.4 Continue to influence related research agenda and support the Applied Aquatic Ecology Research Hub (AAE hub) through financial sponsorship, governance and input to the AAE hub work plan.
- 6.5 Capacity built amongst Commissioners, staff and program partners.

3.2 Strategic initiatives

The VEWH strives to continuously improve performance to maximise the effectiveness of the environmental watering program and best position it to meet its immediate and future challenges. By drawing on operational experience, the lessons from internal reviews, and the directions in *Water for Victoria – Water Plan (2016)*, the VEWH has identified the following four initiatives for program improvement that the VEWH will focus on in 2018-19 to 2021-22 (see Figure 6). These are the multi-year areas of key change that the VEWH considers most important. Many of the actions directly link to the delivery of *Water for Victoria – Water Plan (2016)*. They consolidate some of the initiatives outlined in the previous year's corporate plan. Other initiatives previously outlined have either been fully implemented or continuous improvement in these areas is now seen as part of the critical core business outputs listed in the previous section.



Figure 6 VEWH strategic initiatives

1. Strengthening inclusion of Aboriginal people and culture

Aboriginal peoples have a continuous connection to the land and water in Australia that spans back tens of thousands of years. Traditional Owners are key partners in the water for the environment program. This initiative focuses on improving participation and engagement of Aboriginal peoples in all aspects of water for the environment, with the aim of better recognising and incorporating Aboriginal environmental and cultural knowledge, values, practices and rights. Specific outputs intended for 2018-19 include:

- a) Ensure the inclusion of Aboriginal values in environmental water management plans, seasonal watering proposals, the seasonal watering plan, Reflections and other outcomes reporting (contributes to *Water for Victoria* Action 6.2).
- b) Investigate better ways to track, measure and communicate where shared benefits for Aboriginal peoples are achieved through water for the environment (contributes to *Water for Victoria* Action 3.9).
- c) Gain a greater understanding of how, where and when Traditional Owner groups can be empowered to make decisions regarding water for the environment.
- d) Facilitate a program of knowledge sharing and improve cultural awareness within the Victorian environmental watering program.
- e) Develop water for the environment flow recommendations with Melbourne Water and the Wurundjeri Tribe Land and Compensation Cultural Heritage Council.

2. Strengthening communication and engagement

Waterways hold a special significance for many Victorians and they deserve an opportunity to know about and participate in activities which affect these waterways. This initiative focuses on improving key areas of the VEWB's engagement with program partners and stakeholders, and through them build understanding of, active involvement in, and support for water for the environment from the community. Specific outputs intended for 2018-19 include:

- a) Strengthen engagement with program partners, especially storage managers, collectively across the state.
- b) Improve engagement with state-wide stakeholders and their networks.
- c) Implement the findings of Victoria's first statewide market research into community knowledge and attitudes of environmental water to improve communication and engagement practices.
- d) Strengthen digital communication outreach (social media, website content and video) to better communicate about the water for the environment program and its benefits.
- e) Work with program partners to determine VEWB's participation in regional partnership agreements and attendance at regional natural resource management forums.

3. Strengthening decision making

Water is a precious resource and decisions about it must always aim for biggest return on investment. This initiative focuses on improving the VEWH's decision making around environmental water use, carryover, trade and investment activities, with the aim of optimising environmental watering outcomes. Specific outputs intended for 2018-19 include:

- a) Develop a landscape-scale prioritisation approach to complement the existing regional site-based prioritisation approach, initially for testing in the northern region.
- b) Work with DELWP to examine the risks that climate change poses and identify adaptation strategies to optimise environmental watering outcomes (relates to *Water for Victoria* Action 3.5).
- c) Work with program partners to prioritise strategic and impactful investment in complementary works and measures, knowledge or capability to address impediments to environmental watering outcomes.

4. Strengthening governance and performance

The complex arrangements governing the planning and management of the environmental water reserve at State and Commonwealth level are still evolving and often contested. This initiative focuses on ensuring the VEWH is a strong contributor to several reviews with the aim of improving governance and institutional arrangements to ensure they are suitable to optimise environmental watering outcomes in the face of future challenges. Specific outputs intended for 2018-19 include:

- a) Contribute to DELWP policy processes to ensure clear, transparent and equitable service levels and charging arrangements are developed (contributes to *Water for Victoria* Action 3.7).
- b) Work with water corporations to refine environmental water service definitions and charging arrangements, differentiate from storage manager environmental obligations, and input to water pricing reviews for the Essential Services Commission.
- c) Input to the DELWP review to strengthen the Victorian Environmental Water Holder (contributes to *Water for Victoria* action 3.5).
- d) Contribute to the Victorian Government input on relevant parliamentary inquiries into environmental water management.
- e) Work with DELWP to strengthen performance measures (contributes to *Water for Victoria* action 10.6).

3.3 Performance indicators

The VEWH will assess our performance against the program and financial indicators and targets identified in Table 4 to be reported in the VEWH annual report.

Table 4 Program and financial performance indicators

Performance indicator	Target
<i>Water Act 1989</i> , other legislative, Ministerial rules, and Water Holdings obligations fulfilled on time	100%
Core business outputs effectively delivered within committed timeframes	100%
Strategic initiative outputs for the current financial year effectively delivered within committed timeframes	80%
Variance of actual expenditure to budgeted expenditure is within the target range, and actions taken to mitigate significant variances	<10%
Internal cash investment strategy reviewed, and actions taken to address significant variances in interest received	Quarterly
Final financial accounts are completed within statutory timeframes	100%
Office operations ¹ expenditure as a percentage of total expenditure is within the target range	<25%

3.4 Corporate policies and strategies

The following sections describe the overarching corporate policies and strategies that the VEWH will implement in undertaking its functions. These include:

- financial management
- human resource management
- information systems management
- risk management.

3.4.1 Financial management

Financial resources will be sought and managed to ensure that statutory functions can be effectively undertaken. Appropriate practice will be implemented and maintained to ensure efficient and accountable financial management.

To ensure appropriate practice, the VEWH will comply with requirements under the Financial Management Act 1994, the Standing Directions of the Minister for Finance 2016 under the Financial Management Act 1994, and the Department of Treasury and Finance's Financial Management Compliance Framework. Relevant requirements include those relating to:

- the Trust Fund and Accounts
- financial statements and budget updates
- budget management
- financial transactions
- accounting procedures
- asset registers
- risk management strategies

¹ Office operations includes VEWH staff costs and administration and other operating costs such as audit and insurance costs.

- financial reporting, including annual reports
- audit
- supply management and procurement.

For administrative efficiency, the VEWB will use DELWP's systems and processes for financial transactions, and in doing so, agrees to abide by DELWP's relevant regulations and policies. This arrangement is formalised through a service level agreement, which will be updated as required.

The VEWB will ensure any cash investments are undertaken in line with government policy and the VEWB's approved investment business rule.

3.4.2 Human resource management

Human resources will be secured and effectively managed to ensure that statutory functions can be effectively undertaken, and appropriate human resource practice will be implemented and maintained to ensure fair and reasonable employment processes and treatment of staff. Flexible working arrangements will be supported where appropriate.

To ensure appropriate practice, the VEWB will comply with requirements under the *Public Administration Act 2004*, the Victorian Public Sector Employment Standards, the *Equal Opportunity Act 1995*, and the *Protected Disclosures Act 2012*. Relevant requirements include those relating to:

- workforce planning
- recruitment
- remuneration
- termination
- occupational health, wellbeing and safety
- protected disclosures.

The VEWB will use staff seconded from DELWP or any other public agency or authority and in doing so, agrees to abide by the relevant regulations and policies, unless varied by agreement. These arrangements are formalised through written agreements with the relevant agencies and authorities, which will be updated as required.

3.4.3 Information systems management

Information systems and practice will be implemented and maintained to ensure that information held or generated by the VEWB is soundly managed, and is accessible as required, usable and trusted.

To ensure appropriate practice, the VEWB will comply with requirements under the *Financial Management Act 1994*, the *Information Privacy Act 2000* and the *Freedom of Information Act 1982*. Relevant requirements include those relating to:

- publication of documents
- access to unpublished documents
- record keeping.

The VEWB will maintain records of its decision making, and will make all documents required to be developed under the Water Act publicly available.

For administrative efficiency, the VEWB will use DELWP's information technology systems and processes, and in doing so, agrees to abide by DELWP's relevant regulations and policies. This arrangement is formalised through a service level agreement, which will be updated as required.

3.4.4 Risk management

The VEWB is committed to effective and efficient management of risks and has a comprehensive risk management framework in place which includes:

- the Victorian Environmental Watering Program Risk Management Framework, which includes annual risk workshops with program partners, agreed responsibilities for mitigating actions, and established incident reporting processes
- a strategic and operational risk register with mitigating actions identified and implemented
- a Risk and Audit Committee, with two independent members
- a three year internal audit plan
- a risk appetite statement.

The VEWB and Victorian waterway managers apply stringent risk management and response procedures to all water deliveries, including where environmental watering could potentially cause a blackwater event in adverse conditions. In 2014, the VEWB's risk management procedures for the Victorian environmental watering program were brought together in 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. It sets out a clear process for identifying and assessing risks, assigning risk mitigation accountability and monitoring and reviewing risks. The framework does not replace internal risk management approaches but provides a robust mechanism to address and manage shared risks to promote effective outcomes of the program. The management of shared risks is built into existing processes, is not onerous, and adds value for the organisations involved.

In managing risks program partners:

- identify and assess risks for the coming water year and record this in the seasonal watering proposals
- assign management responsibility for and undertake agreed actions to minimise potential risks
- review risks before delivering environmental water, or monitor and respond to risks when environmental conditions change and an action is triggered
- report, investigate and respond to incidents as they occur in line with the agreed incident reporting approach
- review the risk management approach in the previous year and adapt management to minimise future risks.

The framework also provides an approach for partners to jointly respond to incidents and encourages collaboration and learning in relation to risk management. The VEWB will continue to include risk management roles and responsibilities in system-based operating arrangements as they are progressively finalised or updated.

Risk management strategy and practice will be implemented and maintained to ensure that strategic and operational risks are identified, assessed and mitigated as required. To ensure

appropriate practice, the VEWH will also comply with requirements under the *Financial Management Act 1994*, relating to risk management strategies.

The VEWH maintains a strategic and operational risk register that identifies strategic and operational risks and mitigating actions. Information on the assessment, controls (i.e. those actions that are already in place) and treatments (i.e. those actions still to be put in place) is recorded in the VEWH risk register. Risk assessment and treatment are an integral part of the planning, management and reporting activities undertaken by the VEWH and its watering partners. Active risk management at the strategic and operational levels provides confidence that the VEWH will be able to meet strategic objectives and associated operational targets and goals. The VEWH regularly promotes risk awareness, including considering risk in seasonal watering decisions. The VEWH maintains insurance policies to cover certain risks which cannot be further minimised and periodically reviews the appropriateness of these policies.

Risk management principles of the VEWH are aligned with the eleven principles underpinning the Australia/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines) and the Victorian Government Risk Management Framework. The Chairperson (Accountable Officer) will attest on an annual basis via the annual report to the appropriate management of risk, to meet the requirements of the *Financial Management Act 1994*.

The VEWH's Risk and Audit Committee (RAC) provides independent oversight of strategic, financial and corporate management. The RAC assists the VEWH Commission by ensuring:

- risks to the organisation are identified and monitored effectively, and systems are in place to manage those risks
- a reliable system of internal control is maintained, to ensure effective governance including compliance with laws and regulations
- annual accounts provide an accurate representation of the organisation's financial position.

The RAC is comprised of four members and includes two external independent members. The RAC continues to provide oversight of progress against internal audits, and recommendations from audits completed in prior years. The RAC operates under a charter approved by the Commission. It has developed an internal audit plan to identify future areas of internal audit focus.

The VEWH has developed a risk appetite statement that communicates the amount and type of risk the VEWH is willing to accept to achieve environmental outcomes for waterways. It includes strategic risks, which may significantly impact on the achievement of the VEWH's outcomes and objectives, are long term in nature and are not limited to a site or system scale. The appetite is determined for risks with a high or medium risk rating, is aligned with the strategic programs and is reviewed annually.

.

4 Financial projections

4.1 Assumptions

4.1.1 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 2017-18, plus CPI. The DELWP review of pricing may alter future charges, which would affect the forward budget estimates. Any pricing changes will be incorporated in the budget estimates for 2018-19 and beyond.

4.1.2 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 takes into account 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 'average' seasonal conditions over the four-year period. Seasonal variability will then be addressed through carry forward of unexpended revenue and water trade.

4.1.3 Revenue

The VEWB 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 VEWB will need to negotiate for funding beyond 2019-20 as part of the next tranche of Environmental Contribution funding. The VEWB has also committed some of the funding provided to the Victorian Government by the Australian Government to implement elements of the Murray-Darling Basin Plan.

The VEWB 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).

4.1.4 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 budget has been developed on the assumption of 'average' 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 average. For example, in a year of above average water availability, carryover and delivery (irrigation channel access and pumping) charges may be above average. However, there is a threshold where severe and extended flooding will significantly reduce the need for active environmental water delivery, so channel access and pumping charges may be below average. In a year of below average water availability, 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. Therefore, it is assumed that VEWH operations costs will be managed across the next four years to ensure financial resources are available according to seasonal conditions.

4.1.5 Water trade

The VEWH has the statutory right to trade its water entitlements and allocations. The trade of water allocation is a variable revenue source as it is dependent on the seasonal conditions and availability at a point in time. Water purchase is used to address inter-annual seasonal variability. 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 benefits. From 2018-19 onwards, a contingency is to be held within the carry forward balance for future water purchases to meet the unexpected 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 and knowledge, or other priorities to improve waterway health and the performance of Victoria's environmental watering program.

4.1.6 Delivery of water for other water holders

The VEWH holds some water entitlements in trust for The Living Murray program, which is an interstate initiative aimed at improving the health of the River Murray. The Living Murray program is coordinated by the MDBA, who also pays the costs associated with the entitlement management and delivery of this water. As the water is held in the VEWH's allocation bank accounts, these charges are paid by the VEWH and the costs are recouped in full from the MDBA. It is difficult to predict what these charges will amount to in the coming year, as they depend largely on the prioritisation of watering actions by partners in The Living Murray program. As such, these financial statements assume no net revenue (or cost) associated with The Living Murray program.

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. It is difficult to predict what these charges will amount to, as they depend largely on the prioritisation of watering actions by CEWO. As such, these financial statements assume no net revenue (or cost) associated with Commonwealth environmental water.

4.1.7 Assets and liabilities

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

4.2 Statement of financial performance

Table 5 Statement of financial performance

	Budgeted (\$'000) ¹	Forecast (\$'000) ²	Budgeted (\$'000)			
	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
Revenues						
Government contributions / grants ³	8,750	6,750	9,168	9,100	10,287	10,543
Interest ⁴	173	100	100	100	100	100
Sale of goods ⁵	0	1,650	0	0	0	0
Other income ⁶	0	1,774	0	0	0	0
TOTAL	8,923	10,274	9,268	9,200	10,387	10,643
Expenditures						
Employee benefits	1,965	1,980	2,039	2,100	2,163	2,228
Grants (water delivery and management) ⁷	4,890	4,301	4,199	3,910	4,028	4,148
Environmental water holdings and transactions ⁸	3,734	4,759	3,378	3,399	3,501	3,606
Other operating expenses ⁹	1,277	1,679	2,183	1,457	1,346	1,387
Water purchases ¹⁰	600	10	0	0	0	0
TOTAL	12,466	12,729	11,799	10,866	11,038	11,369
Net result from transactions	- 3,543	- 2,455	- 2,531	- 1,666	- 651	- 726
CARRY FORWARD¹¹	4,528	8,028	5,496	3,830	3,179	2,453

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

² Projected year end position as at 28 February 2018.

³ The 2017-18 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 or 2021-22) is guaranteed but assumes funds provided for budgeted costs in the previous year indexed at 3%.

⁴ Interest for 2017-18 was reforecast based on February 2018 actual pro-rata to the full year. Estimated interest earned in forward years are based on estimated revenue and the average percentage of interest earned in previous years.

⁵ Estimated sales revenue to be received in 2017-18. Water trading is not budgeted as the variability of water allocation is dependent on the seasonal conditions and availability at a point in time.

⁶ Revenue from the Living Murray program or Commonwealth Environmental Water, for entitlement charges and water delivery costs associated with delivery of their Water Holdings. Forward estimates are excluded as these are difficult to predict and are balanced by the associated unbudgeted expenditure (see notes 7 and 8).

⁷ Includes grants to catchment management authorities and water corporations for water delivery and management costs. The amount also includes delivery and management costs of the Living Murray and Commonwealth Environmental Water entitlements. These costs are not budgeted in the forward years (see note 6). The amount also includes grants paid for monitoring and technical projects. Some expenditure for monitoring and technical work budgeted for 2017-18 has been carried forward into 2018-19.

⁸ Includes VEWH entitlement charges, and entitlement charges associated with delivery of Living Murray and Commonwealth Environmental Water entitlements. Costs associated with the delivery of Living Murray and Commonwealth Environmental Water entitlements are excluded in the forward years and are balanced by the associated unbudgeted revenue. (see note 6).

⁹ Includes monitoring, investigations and office operational costs such as insurance and audit fees.

¹⁰ Water purchase is used to address inter-annual seasonal variability. From 2018-19 onwards, a contingency is to be held within the carry forward balance for future water purchases to meet the unexpected seasonal variability.

¹¹ The total forecast carry forward for 2017-18 of \$8.028m is the sum of cumulative carry forward to end 2016-17 of \$10.482m less forecast net result of \$-2.455m for 2017-18.

4.3 Summary of planned programs

Table 6 Summary of planned programs

Program	Proposed expenditure (\$'000)				
	2017-18	2018-19	2019-20	2020-21	2021-22
Planning, reporting, governance, engagement, and office operations (Programs 1, 3, 4 and 5) ¹	2,905	2,992	2,747	2,795	2,861
Entitlement charges, water delivery costs and investigations (Programs 2 and 6)	9,824	8,807	8,119	8,243	8,509
TOTAL	12,729	11,799	10,866	11,038	11,370

4.4 Balance sheet

Table 7 Balance sheet²

	Estimated (\$'000) ²	Budgeted (\$'000)			
	2017-18	2018-19	2019-20	2020-21	2021-22
<i>Financial assets</i>					
Cash	8,028	5,496	3,830	3,179	2,453
Receivables	628	691	760	836	919
TOTAL	8,656	6,187	4,590	4,015	3,372
<i>Current liabilities</i>					
Payables	0	0	0	0	0
Leave provisions	387	425	468	515	566
<i>Non-current liabilities</i>					
Long service leave	241	265	292	321	353
TOTAL	628	690	760	836	919
NET ASSETS	8,028	5,496	3,830	3,179	2,453
TOTAL EQUITY	8,028	5,496	3,830	3,179	2,453

¹ Includes cost associated with staff and Commission remuneration, insurance and audit fees.

² Projected year end position as at 28 February 2018.