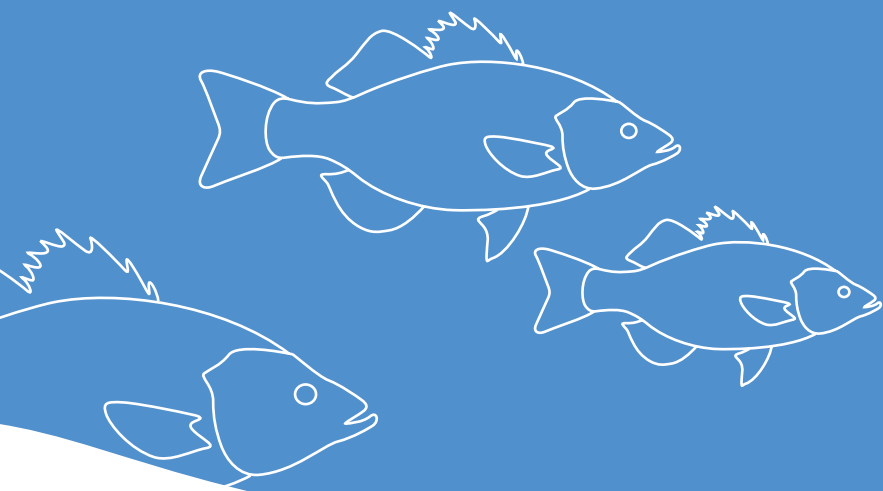


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Corporate Plan

2023-24 to 2026-27



Acknowledgement of Victoria's Traditional Owners

The Victorian Environmental Water Holder (VEWH) proudly acknowledges Victoria's Traditional Owners and their rich culture and pays our respect to Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it.

We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.

The VEWH sees 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 to Aboriginal people. We deeply value

the ongoing contribution that Traditional Owners and Aboriginal knowledge systems are making to planning and managing water for the environment. We 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' power and agency and enable progress towards self-determination within the environmental watering program.

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



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- Front cover: *Brolga, McDonalds Swamp*, by Janice Taylor, VEWH
- Previous page: *Dhudhuroa and Waywurru Aboriginal Waterways Assessment (AWA) on the Ovens and King rivers* by Murray-Darling Basin Authority

Foreword

We are pleased to present the Victorian Environmental Water Holder's Corporate Plan 2023-24 to 2026-27.

The VEWH has a unique role as the only statewide agency managing Victoria's environmental water entitlements for the health of rivers, wetlands and floodplains, with flow-on benefits for the wellbeing of Victoria's communities.

For the first time, the VEWH's corporate plan is supplemented by our *10-Year Strategy 2023 to 2033*, a longer-term, direction-setting document. The strategy sets out how the VEWH will deliver on government policy directions and seek to evolve the environmental watering program to adapt to key challenges, like less available water under accelerating climate change.

Intensifying seasonal variability brings the importance of water for the environment into sharper focus. The La Niña pattern brought with it three consecutive wet years culminating in record-breaking floods. In contrast, the longer-term climate change forecast is for a prevailing warming trend, decreasing cool season rains, more severe droughts and more extreme events like fire and flood.

Victoria's environmental watering program already adapts to variability as we work with partners to plan seasonal watering each year and target the most appropriate actions for the 'boom and bust' cycles of floods, drought and everything in between. Water is reserved for watering in drought in some systems and used in other years to seal the benefits of wet conditions and floods, which builds resilience in plants, animals and their ecosystems.

Waterway managers, as the VEWH's pivotal partners, engage Traditional Owners, stakeholders and communities in planning to realise the maximum shared benefits for recreation, wellbeing and culture that can be supported by water for the environment.

Respecting Traditional Owner lore and cultural values in managing environmental water will be strengthened by the targeted outcomes of *Water is Life* for a bigger Traditional Owner role and self-determination in how water is used to heal Country.

The VEWH's People Strategy continues to support cultural diversity, gender equity and capability, including in the context of flexible and hybrid working arrangements.

We are pleased to present this corporate plan with its planned program of investment in effective management of the environmental water holdings to continually improve the health of waterways enjoyed and valued greatly by Victorians.

Chris Chesterfield



Chairperson

Beth Ashworth



Co-Chief Executive Officer

Dr Sarina Loo



Co-Chief Executive Officer

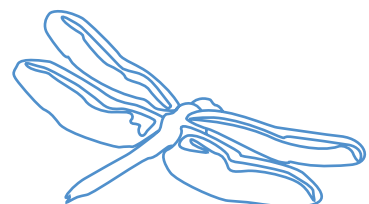


Figure 1: Overview of strategic intent



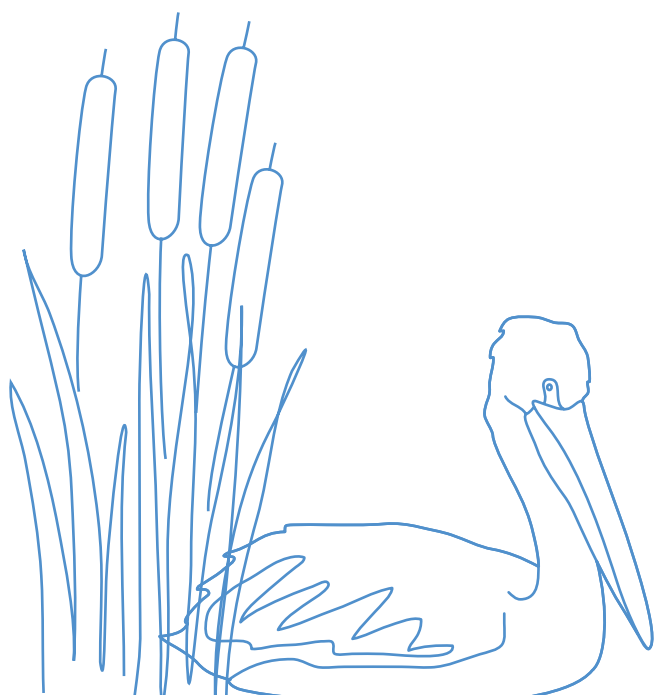
Overview

The Victorian Environmental Water Holder (VEWH) is a statutory body that helps deliver government objectives and priorities within the context of the *Water Act 1989*, as well as related Victorian Government policy directions. The VEWH decides where water for the environment will be used, carried over or traded, for the health of rivers, wetlands and floodplains and to support the plants and animals that depend on them.

The VEWH is part of a partnership program that plans, manages, delivers and evaluates use of water for the environment. While the VEWH is the only statewide organisation in Victoria dedicated to environmental water management, it works in full collaboration with partners, and has a strong commitment to understanding and responding to Traditional Owner, stakeholder and community inputs. The VEWH's partners include Victoria's waterway managers (catchment management authorities and Melbourne Water), Department of Energy, Environment and Climate Action (DEECA), other environmental water holders, storage managers and land managers. Traditional Owners also increasingly partner in the environmental watering program. The VEWH is committed to advancing the agency and self-determination of Traditional Owners.

The VEWH's statutory obligations are clear, including our role in holding and managing environmental water entitlements, and planning for and reporting on their use. This is what we have to do, and these core business obligations are embedded in this corporate plan. These core business operations are delivered through our three program areas: Our Environment, Our Communities, Our Culture (see Figure 1). This plan outlines the outcomes and outputs for each program area, the risks and opportunities which could affect the VEWH's ability to meet our outcomes and details the financial outlook for the next four years.

This year, for the first time, the VEWH has complemented the shorter-term strategic planning and operational delivery of this corporate plan with a longer-term, direction-setting document, the *VEWH 10-Year Strategy 2023 to 2033*. The corporate plan outlines our core business activities and *what* the VEWH has to do to meet its statutory obligations. The 10-year strategy aims to guide *how* we go about implementing our statutory obligations, and how we evolve this over time to collectively optimise the outcomes achieved and ensure the implementation is relevant and appropriate in addressing significant challenges. Many of the priorities in the 10-year strategy respond to evolving government policy priorities as communicated in the letter of expectations received from the Minister for Water.



Government policy priorities

Each year, the Minister for Water provides guidelines and performance expectations of the VEWH for the coming business planning year. These are communicated through an annual 'letter of expectations' and corporate plan guidelines. The Minister's letter of expectations for 2023-24 identified six policy priority areas that align with *Water for Victoria* to be considered in the VEWH corporate plan. These are:

- **Climate change:** integrate climate change adaptation into decision-making across the business
- **Environmental watering:** deliver expected environmental outcomes from management of the Water Holdings, in line with the Environmental Water Reserve Objective in section 4B of the *Water Act 1989*
- **Deliver water for Aboriginal cultural, spiritual, and economic values, and support economic inclusion in the water sector:** promote self-determination of Traditional Owners, including by supporting the Treaty process; support the implementation of *Water is Life: Traditional Owner Access to Water Roadmap* by providing opportunity for Traditional Owners to participate in planning and decision-making processes around the use of environmental water, support pilot site projects, and explore formal partnership agreements
- **Recreational values:** consider recreational values in management of the holdings and consider shared benefits in the management of the Water Holdings, including how we deliver the Victoria 2026 Commonwealth Games
- **Community engagement and partnerships:** maintain effective partnerships in statewide planning and management of the holdings
- **Leadership and Cultural Diversity:** develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership.

The following outlines how the VEWH has incorporated each of these priority policy areas into the delivery of our programs, outcomes and strategic priorities. The related program outputs are further detailed in section 2.

Climate change

The VEWH is committed to effectively managing the risk of climate change to the watering program in our decisions and actions, and working with program partners, Traditional Owners and stakeholders to minimise threats and optimise opportunities.

Due to climate change, long-term water availability is declining, with a greater impact on the environmental water reserve than water for consumptive purposes. More extreme events (bushfires, floods and droughts) are also predicted. Each of these impacts will have implications for what outcomes can be achieved through the environmental watering program. It will mean plant and animal populations experiencing greater stress, becoming more threatened through declining abundance and changing or reducing geographic distribution. This may mean different sites, additional water and new delivery methods are required to achieve objectives of most significance, and some objectives for environmental watering may no longer be appropriate or simply cannot be achieved.

Through implementation of the VEWH's 'Our Environment' program, the environmental watering program is already very responsive to climate variability. Program partners use a seasonally adaptive approach in both annual and longer-term planning, where a range of climate scenarios are used to prioritise watering actions under drought through to wet conditions. During dry and drought periods, the VEWH has a more active role in prioritising watering actions across waterway management boundaries to ensure that outcomes are being maximised across the State. These approaches put the program in good stead to deal with the increased variability expected as a result of climate change, but there is still more that can be done, especially to deal with the predicted long-term reduction in overall water availability.

Through implementation of its 10-year strategy, the VEWH will seek to continue to improve how climate change adaptation is integrated into decision-making by:

- assessing the risk of climate change to our water holdings under a range of different scenarios and managing those risks

- inputting to the update of existing government policy for environmental watering objective setting to consider climate change
- preparing for and inputting to dry inflow contingency plans (for high-risk systems)
- contributing to the development and implementation of government policy and projects that address climate change challenges, such as sustainable water strategies, the renewal of the Victorian Waterway Management Strategy and the Victorian Murray Floodplain Restoration Project
- working with our partners to understand, manage and communicate the carbon emission impacts and carbon storage benefits associated with management of water for the environment
- working with DEECA to assess, reduce and if necessary, offset emissions for all office, vehicle, travel and waste services.

Environmental watering

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.¹

The VEWH's 10-year strategy recognises the importance of optimising environmental outcomes and identifies the following key actions:

- contributing to the development of government policy, strategies and infrastructure projects that address continued waterway health degradation, to enhance environmental watering outcomes and ensure effective integration of environmental watering with broader catchment management activities
- refining our trade and revenue investment framework to optimise outcomes through strategic investment
- complementing Victorian and Commonwealth Government monitoring and knowledge programs by investing in event-based or short-term projects that maximise outcomes at both site and landscape-scales or manage the risks of environmental watering.

¹ Any investment in complementary works and measures, knowledge, monitoring and research will continue to be done in collaboration with DEECA to ensure efficiencies between the programs of the two organisations.

Deliver water for Aboriginal cultural, spiritual and economic values

The VEWH and its environmental watering program partners have legislated obligations to consider the Traditional Owner cultural values of waterways that can be supported by water for the environment.

The VEWH's 'Our Environment' and 'Our Communities' programs have a focus on incorporating Aboriginal values and knowledge into seasonal water planning and increasing Traditional Owner participation and self-determination in managing water for the environment. Traditional Owners are increasingly involved in the local planning, delivery and monitoring undertaken by waterway managers. The VEWH has conventionally engaged Traditional Owner peak bodies and is progressively engaging directly with Nations. To progress self-determination, the VEWH is working with Traditional Owners and other partners to trial Traditional Owner-led seasonal watering proposals.

The VEWH's 10-year strategy identifies the lack of water justice as a key challenge facing the environmental watering program as a whole and the community more broadly. There is strong connection between waterway health objectives and healing Traditional Owner Country. Key actions in the 10-year strategy include:

- working with Traditional Owners, either directly or through waterway managers as self-determined by Traditional Owners, with their free, prior and informed consent, to better consider cultural knowledge in decisions around water for the environment
- creating an informed, respectful, and culturally safe environment within the VEWH and the broader environmental watering program
- evolving our operational practices to provide opportunities for Traditional Owner empowerment in planning, decision-making, delivery and monitoring of water for the environment on Country
- identifying and deconstructing barriers to increase Traditional Owner self-determination within the current environmental watering program
- supporting increased Traditional Owner decision-making, leadership and self-governance around water management and rights.

Recreational values

The VEWH and its environmental watering program partners have legislated obligations to consider the social and recreational values of waterways that can be supported by water for the environment. The VEWH works very closely with waterway managers to understand stakeholder and local community priorities. Where possible, opportunities to support these values are incorporated into watering decisions, provided they do not compromise environmental outcomes. The VEWH's seasonal watering plan identifies specific watering actions which are planned to support recreational and tourism activities such as water sports, bird watching, angling and camping.

Improving the health of rivers, wetlands and floodplains with environmental watering supports vibrant and healthy communities. Most of Victoria's towns are located near a river or lake and many people travel to their favourite waterway for holidays and to relax, play and connect with nature. Almost 95 percent of *My Victorian Waterway Survey* respondents in 2022 said that waterways nurtured their wellbeing, and 83 percent reported that healthy waterways were important for continued community needs.

The social, recreational and economic benefits of waterways for regional Victoria are highly valued by the communities that live there, and the tourists that visit.

Water for the environment is playing its part in supporting the 2026 Commonwealth Games by helping to improve the condition of waterways in or near some host towns, such as the Moorabool River and lower Barwon wetlands near Geelong and the Goulburn River in Shepparton, two of the cities earmarked to host iconic games events.

Community engagement and partnerships

The VEWH's 'Our Community' program and outcome aims to strengthen engagement and understanding of stakeholders and communities in the environmental watering program. Collaboration, participation and engagement with partners and Traditional Owners, together with input from stakeholders and communities, maximises the cultural, economic, social and recreational benefits of water for the environment. The VEWH directly engages at a state-wide level including with peak bodies and plays a role in supporting the regional communication and engagement activities of our program partners and their consideration of social, recreational, economic and Traditional Owner cultural values, including in seasonal 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 on opportunities to build and maintain participation, understanding and trust with stakeholders and communities
- building and maintaining strategic relationships with key stakeholder groups including peak bodies representing Traditional Owner, environment, recreation, agriculture, tourism, 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
- fostering community and stakeholder understanding of our programs and outcomes, through implementation of our communication and engagement strategy.

Leadership and cultural diversity

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.

The VEWH is committed to continually strengthening our culture, diversity and capability. We aspire to continue to have a diverse and engaged workforce and a safe and healthy workplace environment. We will have a high level of skill, confidence and capacity to enable us to effectively do our work.

Implementation of the VEWH People Strategy has enabled significant improvements to our team culture, workload management and addressing workplace changes such as hybrid working arrangements, and this will continue to be a focus.

The VEWH is committed to cultural diversity in the workforce and gender equity in executive leadership. The *DEECA 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 DEECA, we commit to abiding by DEECA's Diversity and Inclusion policies and VEWH staff will be included in DEECA reporting.

1 Strategic intent

1.1 Vision, mission, outcomes and values

1.1.1 Vision

The VEWH's aspirational vision for Victoria's environmental watering program 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, Traditional Owners, stakeholders and communities in the environmental watering program is strengthened.

Our Culture outcome

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

1.1.4 Corporate values

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

Table 1: VEWH values, attitudes and behaviours

Values	Attitudes and behaviours
Collaboration	<p>We place an emphasis on engagement, with our partners, Traditional Owners 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 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.</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, Traditional Owners, 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 function 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 2023)

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	3,000 ¹	Share of inflow
Werribee	Water shares	734 361	High reliability Low reliability
	Werribee River Environmental Entitlement 2011	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 inflow
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	45,571	High reliability
		5,860	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	24,992 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	20,855 4,394	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	100	High reliability
	Goulburn River Environmental Entitlement 2010	1,434	High reliability
	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.

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 2023, the VEWH Commission is comprised of three part-time Commissioners:

- Chris Chesterfield (Chairperson)
- Peta Maddy (Deputy Chairperson)
- 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 Energy, Environment and Climate Action (DEECA).

Program partners are those organisations with a responsibility for delivering some part of the environmental watering program, including other environmental water holders, waterway managers, storage managers, land managers, and increasingly, Traditional Owners. Partners can also include scientists who are engaged by the VEWH or program partners during planning, delivery or reporting. Stakeholders include organisations and individuals with a keen interest in the environmental watering program – such as environmental groups, irrigators, and recreation groups like anglers, kayakers and birdwatchers.

Waterway managers (catchment management authorities and Melbourne Water as defined under the *Water Act 1989*) are the pivotal partners of the VEWH, responsible for undertaking the local planning, engagement, communication and management associated with environmental water delivery. Waterway managers and the VEWH liaise with storage managers (water corporations and the Murray-Darling Basin Authority [MBDA]) who are responsible for supplying environmental water, and land managers (Parks Victoria, Traditional Owners, private landowners and DEECA), 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 and achieving overall waterway health objectives.

Traditional Owners have a deep and enduring connection to Victoria's rivers, wetlands and floodplains, spanning tens of thousands of years. There is a 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 Aboriginal people. The VEWH is committed to partnering with Traditional Owners to increase Traditional Owner decision-making and self-determination within the environmental watering program, and work with Traditional Owners and partners to implement the Victorian Government's *Water is Life* policy.

The VEWH decides where water for the environment will be used, carried over or traded, to optimise outcomes for the state's waterways. The VEWH works closely with other water holders to ensure coordinated and effective use of the available environmental water resources, including the Commonwealth Environmental Water Holder (CEWH) who is supported by the Commonwealth Environmental Water Office (CEWO), the MDBA through the Living Murray Program, and other states.

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), DEECA and Traditional Owner land management boards 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 DEECA which oversees the Victorian environmental water policy and governance frameworks. This includes program funding, long-term environmental water planning, 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 evidence about how water for the environment supports native plants and animals in the short- and long-term, and work with waterway managers to monitor, evaluate and report on environmental watering outcomes. Traditional Owners have a holistic approach to managing land and waters with cultural management practices reflecting the interdependency between Country and Aboriginal people, developed over tens of thousands of years.

Community representatives and peak body organisations provide significant perspectives to guide implementation of the environmental watering program, particularly in identifying ways that social, economic, recreational and Traditional Owner cultural values and uses of waterways can be supported or contributing to citizen science activities. 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.

Following the recent release of the VEWH *10-Year Strategy 2023 to 2033*, the VEWH will develop an implementation plan that will prioritise actions for 2023-24. These actions will progress strategic outcomes related to the five priority areas outlined in the strategy and to deliver on the Minister’s letter of expectations and will be incorporated into the outputs summarised in Table 3 in future years.

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

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
Our Environment: Victoria’s environmental water holdings are managed effectively and efficiently to optimise environmental outcomes for enduring benefit.	Planning Seasonal watering plan is evolving to incorporate new scientific knowledge, Aboriginal values and knowledge, input from other stakeholders and adaptations to climate change, and strategic projects are progressed to improve future watering effectiveness.	Planning Seasonal watering plan published by 30 June and annually report on: <ul style="list-style-type: none"> - the number of potential watering actions presented in the plan - specific watering actions that consider Traditional Owner 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. 	Planning 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, Traditional Owners 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.	1.8 Monitoring (Structure) 4.6 Plan (Strategy) 4.7 Publication (Written)

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
	<p>Delivery</p> <p>Water holdings are used, carried over and traded as appropriate for 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 - summary of trade activity undertaken to achieve priority watering actions and optimise outcomes for enduring benefit. 	<p>Delivery</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>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>Our Communities: Engagement, understanding and contribution of partners, Traditional Owners, stakeholders and communities in the environmental watering program is strengthened.</p>	<p>Traditional Owner participation and self-determination in water for the environment planning and management is increased.</p>	<p>Percentage of watering actions that consider Traditional Owner cultural values and uses of waterways.</p> <p>Number of watering, planning and management activities that Traditional Owner groups were involved in annually supported by:</p> <ul style="list-style-type: none"> - examples to demonstrate progression of Traditional Owner self-determination in the environmental watering program. 	<p>Traditional Owner participation in local/regional water planning, delivery and monitoring supported.</p> <p>Opportunities provided for Traditional Owner participation in strategic projects.</p> <p>Trials for Traditional Owner-led seasonal watering proposals progressed.</p> <p>Traditional Owner peak bodies and Nations engaged on VEWH role and operations.</p>	<p>4.4 Engagement event</p> <p>4.5 Partnership</p> <p>4.6 Plan (Strategy)</p>
	<p>Community and stakeholder understanding of and contribution to the watering program is increased.</p>	<p>Results from monitoring programs that demonstrate environmental watering outcomes.</p> <p>Percentage of actions of Communication and Engagement Plan implemented, supported by:</p> <ul style="list-style-type: none"> - examples to illustrate activities and achievements. 	<p>Annual Communication and Engagement Plan developed and delivered that support objectives of the three-year communication and engagement strategy.</p> <p>Liaison with key program partners builds opportunities for Traditional Owners, communities and stakeholders to understand and participate in the watering program.</p> <p>Timely, relevant and publicly available communication of environmental water planning, delivery and associated environmental outcomes and shared benefits through VEWH publications (Reflections, newsletter, website), and forums.</p>	<p>1.8 Monitoring</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*
	Program partnerships for coordinated communication and delivery of the environmental watering program are strengthened.	Quantitative or qualitative collation of key program partner satisfaction.	Research results of key program partners' satisfaction with VEWH partnership analysed and action plan in place. 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.	4.4 Engagement event 4.5 Partnership 4.7 Publication
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.	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).	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.	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.	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 DEECA output data standard, version 3, March 2021.

3 Future challenges and opportunities

The VEWH *10-Year Strategy 2023 to 2033* identifies some key challenges facing the environmental watering program as a whole and the community more broadly. It also outlines the role of the VEWH in addressing these challenges, whether it be to lead, partner or influence, and what long-term outcomes we are working towards in doing so.

This corporate plan identifies the strategic risks and opportunities which could affect the VEWH's ability to meet our short-medium term program 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 strategic risks which may impact the VEWH's ability to achieve its stated program outcomes are summarised in Table 4, together with the key mitigating actions (i.e. controls and treatments) which aim to bring these risks to within the VEWH's risk appetite.

Table 4: VEWH strategic risks and key mitigating actions

Strategic risks	Key mitigating actions
<p>Inability to achieve or demonstrate environmental 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 • lack of shared vision of success for environmental watering objectives. 	<p>Use a scenario-based, seasonally adaptive approach in seasonal water planning to optimise environmental outcomes under different conditions.</p> <p>Implement priority actions specified in the 10-year strategy.</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 DEECA, 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>Application of the Victorian Environmental Watering Program Risk Management Framework across VEWH activities.</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 feasible and can be delivered with no major risk to people and property.</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 across VEWH activities.</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 events 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 due to flood, drought or climate change impacts on streamflow • water scarcity and changing demands for water, including through water recovery through the Murray-Darling Basin Plan • inability to effectively communicate the benefits of watering program in a timely manner. 	<p>Strategic communication 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 • 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 DEECA 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 DEECA 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 and priorities identified in the VEWH *10-Year Strategy 2023 to 2033* that will provide for continuous improvement in the watering program:

- In light of the synergies between waterway health objectives and healing Country, the VEWH and partners managing water for the environment have a key role to play in supporting self-determined pathways for Traditional Owners in addressing water injustice and healing Country.
- There are a range of government policy processes, programs and projects that are important to enhancing the outcomes of environmental watering, and the VEWH contributes operational knowledge to the development and implementation of these; including Sustainable Water Strategies, Victorian Waterway Management Strategy renewal, constraints relaxation and clarifying delivery rights for water for the environment.
- As the amount of water available for the environment has grown, it is now possible to start planning at a broader landscape (rather than site-based) scale to optimise the outcomes that can be achieved and to help inform the increasingly difficult prioritisation decisions expected under climate change.
- There is an opportunity to continue to improve how the outcomes of the environmental watering program are demonstrated and communicated to the community on whose behalf it is being delivered.
- The VEWH will consider not only how to adapt our operations to climate change, but also what role water for the environment may have in helping to mitigate it, as healthy wetlands can store significant carbon.

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. Over the Tranche 5 period, 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 some activities have not been able to occur, for example supplementing statewide monitoring programs with short-term monitoring projects that contribute to demonstrating watering outcomes and mitigation of strategic risks (see section 3.1). The VEWH has also utilised funds carried forward from water allocation sold in previous years (trade revenue) to resource implementation of existing and new policy obligations. In 2023-24, the VEWH will utilise trade revenue to fund some of these activities including contributing to *Water is Life* implementation and targeted monitoring projects. The VEWH will also invest trade revenue in some complementary works and measures projects that improve management of the Water Holdings and the performance of Victoria's environmental watering program.

The VEWH has assumed that the next tranche of Environmental Contribution funding will be sufficient to cover both core operational and the minimum amount of strategic activities required to meet policy obligations. The VEWH may also use trade revenue, if available, to supplement or fast track strategic activities. Trade revenue is not used to support core operations - see section 4.5.5.

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 percent of the forecast for this 12-month period.

4.1 Programs budget

Table 5: Programs budget 2023-24

	Income (\$'000)					Expenditure (\$'000)	Carry forward (\$'000)	
	a	b	c	d	e = a+b+c+d			f
Program	Investor Program Reference ¹	Carry forward from 2022-23	State Government funding	Commonwealth Government funding	Other funding	PROGRAM TOTAL	PROGRAM TOTAL ²	Carry forward to 2024-25
Our Environment	S1, S2, S3, C1, C2, O1	4,731	5,432	2,437	0	12,600	10,133	2,467
Our Communities	S1	0	1,033			1,033	1,033	0
Our Culture	S1, O2	0	1,427		144	1,571	1,571	0
Totals		4,731	7,892	2,437	144	15,204	12,737	2,467

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 Energy, Environment and Climate Action	VEWH – Environmental Water Management and Delivery – 2020-21 to 2023-24	Our Environment; Our Community; Our Culture	7,555
S2	Department of Energy, Environment and Climate Action	Murray-Darling Basin Plan implementation	Our Environment	250
S3	Department of Energy, Environment and Climate Action	Enhanced Environmental Water Delivery Project	Our Environment	87
			Sub-total	7,892
Commonwealth Government				
C1	Murray-Darling Basin Authority	Living Murray program	Our Environment	2,034
C2	Commonwealth Environmental Water Holder	Commonwealth environmental water management	Our Environment	403
			Sub-total	2,437
Other				
O1	Water trade revenue	Water trading	Our Environment	0
O2	Westpac	Interest revenue	Our Culture	144
			Sub-total	144
			Total	10,473

4.3 Operating statement

Table 7: Operating Statement

\$'000 Year Ended 30 June	Budget Base year 2022-23	Forecast ¹ Base year 2022-23	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27
Revenue						
Victorian Government Contributions/ Grants ²	7,489	7,489	7,555	9,400	9,670	9,891
MDBP Implementation Funding (DEECA) ³	250	250	250	250	250	250
Commonwealth Government Contributions/Grants ⁴						
- Living Murray	2,095	1,804	2,034	2,113	2,214	2,269
- Commonwealth Environmental Water Holder	403	318	403	412	422	433
Other Contributions	0	312	87	0	0	0
Interest ⁵	10	150	144	115	118	119
Sale of water allocation ⁶	0	574	0	0	0	0
Total revenue	10,247	10,897	10,473	12,290	12,674	12,962
Expenditure						
Employee expenses ⁷	3,086	2,975	3,350	3,343	3,444	3,547
Environmental Water Holdings and Transactions	7,260	6,172	7,201	7,396	7,629	7,820
Water storage and delivery						
- VEWH ⁸	4,738	4,024	4,738	4,844	4,965	5,090
- Living Murray ⁹	2,095	1,804	2,034	2,113	2,214	2,269
- Commonwealth Environmental Water Holder ¹⁰	403	318	403	412	422	433
Water purchases ¹¹	24	26	26	27	28	28
Grants for outcomes reporting, risk & adaptive management, engagement¹²	176	444	409	378	388	398
- Catchment Management Authorities	176	444	409	378	388	398
Other Operating Expenses	1,081	1,284	1,777	1,200	1,241	1,225
- Transfer to DEECA - trade revenue projects ¹³	0	209	0	0	0	0
- Other ¹⁴	1,081	1,075	1,777	1,200	1,241	1,225
Total expenditure	11,603	10,875	12,737	12,317	12,702	12,990
Operating surplus/ (deficit)	(1,356)	22	(2,264)	(27)	(28)	(28)

1. As at 31 March 2023.
2. Funding from the Environmental Contribution.
3. Funding for the Murray-Darling Basin Plan implementation received via DEECA has been confirmed with a funding agreement up to 2023-24.
4. 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 2023-24 budget is based on the continuation of arrangements and fees in 2022-23, updated with forecast water volumes.
5. Estimated interest earned is based on forecast cash balances and the Centralised Banking System interest rate from the most recent change effective from 8 February 2023.
6. As at 31 March 2023, a sale of water allocation was being undertaken. A forecast has been provided for 2022-23, 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 2022-23 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.
7. Employee expenses are indexed according to the Victorian Public Service Enterprise Agreement 2020 and subsequently the Victorian wage price index.
8. Includes VEWH entitlement charges and grants to catchment management authorities and water corporations for water delivery and management costs. The 2023-24 budget is based on the continuation of arrangements and fees in 2022-23.
9. Expenditure is balanced by recoup of revenue from the Living Murray program. See footnote 4 above.
10. Expenditure is balanced by recoup of revenue from the Commonwealth Environmental Water Holder. See footnote 4 above.
11. 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.
12. Grants are paid for monitoring, metering and technical projects and engagement activities around environmental water.
13. Transfer of trade revenue to DEECA for complementary works and measures projects.
14. Includes expenditure for some technical projects and office operational costs.

4.4 Balance sheet

Table 8: Balance sheet

\$'000 Year Ended 30 June	Budget Base Year 2022-23	Forecast Base Year 2022-23	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27
Current assets						
Cash and Cash Equivalents	2,459	4,731	2,467	2,440	2,412	2,384
Receivables	835	684	753	829	912	1,003
Total assets	3,294	5,415	3,220	3,269	3,324	3,387
Current liabilities						
Payables	0	0	0	0	0	0
Leave Provisions	697	589	648	713	784	862
Non-current liabilities						
Long Service Leave Provision	138	95	105	116	128	141
Total liabilities	835	684	753	829	912	1,003
Net assets	2,459	4,731	2,467	2,440	2,412	2,384
Equity						
Accumulated surplus (deficit)	2,459	4,731	2,467	2,440	2,412	2,384
Total equity	2,459	4,731	2,467	2,440	2,412	2,384

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 2022-23, 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. Current 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. In flood years, environmental water deliveries may be lower as many demands may be met naturally, or it may not be possible to deliver water without exacerbating flooding impacts on private property.

The VEWH has recently implemented improvements to the budgeting approach for water deliveries, which more effectively manages the past trend of underspend. Rather than planning for all watering actions to be delivered, the VEWH now assesses the most likely seasonal conditions and analyses past trends of actual deliveries and expenditure. This analysis informs the assumptions around how much water will be delivered in the coming year and therefore how much expenditure will be incurred. The new approach more effectively reduces underspend resulting from the uncertainty associated with seasonal variability, while still ensuring sufficient funds are allocated to allow all priority watering actions to be delivered.

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, availability and environmental water demands at a point in time. Trade of water 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 2022-23. 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 2023, a sale of water allocation was being undertaken. A forecast has been provided for 2022-23, 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 six years

Year Ended 30 June	Actual 2017-18	Actual 2018-19	Actual 2019-20	Actual 2020-21	Actual 2021-22	Forecast 2022-23*
Sale of water allocation						
Total sale value (\$'000)	1,924	4,862	0	0	676	574
Total sale volume (ML)	15,000	10,000	0	0	12,000	Up to 45,000
Water purchases						
Total purchase value (\$'000)	10	321	0	0	24	26
Total purchase volume (ML)	300	1,300	0	0	315	322

* As at 31 March 2023. 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 water 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 DEECA 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 DEECA).

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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