

VICTORIAN ENVIRONMENTAL
WATER HOLDER

Annual Report

2022-23



Acknowledgement of 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 and agency 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.



Contents

Responsible Body Declaration.....	1
1 YEAR IN REVIEW.....	1
1.1 Chairperson and Chief Executive Officer Report.....	1
1.2 About the VEWH.....	3
1.3 Nature and range of services provided.....	4
1.4 Performance report (non-financial).....	10
1.5 Five-year financial summary.....	41
1.6 Current year financial review.....	42
1.7 Capital projects.....	42
1.8 Subsequent events.....	42
2 GOVERNANCE AND ORGANISATIONAL STRUCTURE.....	43
2.1 Organisational structure.....	43
2.2 Governing Commission.....	45
2.3 Risk and Audit Committee membership and roles.....	46
2.4 Occupational Health and Safety.....	47
3 WORKFORCE DATA.....	48
3.1 Public sector values and employment principles.....	48
3.2 Comparative workforce data.....	48
4 OTHER DISCLOSURES.....	50
4.1 Local Jobs First.....	50
4.2 Government advertising and expenditure.....	50
4.3 Consultancy expenditure.....	50
4.4 Information and Communication Technology expenditure.....	51
4.5 Major contracts.....	51
4.6 Freedom of information.....	51
4.7 Building Act 1993.....	51
4.8 Competitive Neutrality Policy.....	52
4.9 Public Interest Disclosures Act 2012.....	52
4.10 Compliance with the enabling legislation.....	53
4.11 Environmental reporting.....	53
4.12 Availability of other information.....	53
4.13 Portfolio financial management compliance attestation.....	54
5 FINANCIAL STATEMENTS – 30 JUNE 2023.....	55
6 APPENDICES.....	82
Appendix 1 – Disclosure index.....	82
Appendix 2 – Acronyms and Abbreviations.....	84

Photograph credits:

- Front cover: *Little Reedy Wetland Complex, Gunbower Forest, by Kathryn Roosje, VEWH.*
- Previous page: *Dhudhuroa and Waywuru Aboriginal Waterways Assessment (AWA) on the Ovens and King rivers, by Murray-Darling Basin Authority.*



Responsible Body Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Environmental Water Holder's annual report for the year ending 30 June 2023.

Chris Chesterfield
Chairperson
Victorian Environmental Water Holder
19 September 2023



Year in review

1.1 Chairperson and Chief Executive Officer Report

We are pleased to present the Victorian Environmental Water Holder's (VEWH) Annual Report 2022-23. This report outlines the VEWH's performance against its Corporate Plan 2022-23 and provides an analysis of the VEWH's management of Victoria's environmental water entitlements in 2022-23.

Most of Victoria's rivers, wetlands and floodplains have been highly modified by changing land use and the storage, transfer and use of water in industry, agriculture, cities and towns. As part of Victoria's integrated catchment management program, the VEWH holds and manages water for the environment to protect catchments and waterways for the benefit of all Victorians.

The Victorian environmental watering program varies each year in response to seasonal conditions. Last year, we saw record-breaking rainfall during spring which caused significant flooding in the northern region of Victoria with all major water storages filling and spilling. In the Gippsland region, wet conditions continued for the third consecutive year. Although the central region also experienced wet conditions in winter and spring, resulting in all water storages spilling, summer and autumn were drier than the long-term average. For the western region, there were exceptionally wet months between September and December, followed by drier than average conditions in autumn. Across the state, watering actions focused on consolidating outcomes resulting from wet conditions. A flexible and seasonably adaptive approach to planning remains important as we see the impacts of climate change creating more extreme seasonal conditions and overall, a drying climate.

Water allocation trade is one of the tools the VEWH uses to manage water for the environment. Last year following the high rainfall in spring, more than 95 percent of the watering actions planned for northern Victoria were achieved through naturally occurring high flows or deliveries of environmental water before the floods started. To reduce the risk of losing carryover in the northern region to spill, the VEWH sold a portion of its allocation for the Murray and Goulburn systems. Revenue from VEWH trade of water allocation is used for initiatives that help to improve the water for the environment program and achieve the best possible environmental outcomes in line with seasonal conditions.

In 2022-23, the VEWH delivered 620,593 ML of water for the environment (including water made available by the Commonwealth Environmental Water Holder and the Living Murray program) to deliver 158 environmental watering actions across 154 river reaches and wetlands. Another 105 planned environmental watering actions occurred naturally or were achieved via other means including passing flows and the coordinated use of consumptive water en-route to downstream users. Together, these 263 watering actions represent 99 percent of potentially required watering actions for the year.

The planning and delivery of the watering program is undertaken collaboratively with waterway managers (catchment management authorities and Melbourne Water), storage managers, land managers, other environmental water holders and increasingly, Traditional Owners, to ensure the best possible value from environmental water entitlements for our waterways and the plants, animals and people who depend on them.

In planning for the year ahead, the VEWH and its program partners consulted with 281 stakeholders. This included consideration of how environmental flows can directly support more than 55 social, recreational and economic benefits.

The VEWH acknowledges the important contribution Traditional Owner knowledge systems make to the Victorian environmental watering program. We have a commitment to support Traditional Owner self-determination, leadership and decision-making around water management and rights in the environmental watering program. In 2022-23, 26 environmental watering actions in 12 river systems were planned in partnership with Traditional Owners. Of the 26 actions, 23 were required and were fully or partially achieved, helping to deliver on objectives identified by Traditional Owners and supporting development of more culturally-informed watering practices. We continue to support Traditional Owner objectives for Country, including those emerging from *Water is Life: Traditional Owner Access to Water Roadmap* and other policy directives. Last year, the VEWH worked with Traditional Owners, the Department of Environment, Energy and Climate Action (DEECA), and waterway managers to progress short-term actions in accordance with *Water is Life: Traditional Owner Access to Water Roadmap*.

To plan for the future of Victoria's environmental watering program, 2023 saw the release of the VEWH's *10-Year Strategy 2023 to 2033*. The 10-year strategy is a direction-setting document providing a pathway for the VEWH for the next decade to maintain and build on the benefits that healthy rivers and wetlands provide for everyone to enjoy. It represents a shared vision for the VEWH identifying the key challenges we face, our strategic priorities to address these and our aspirations for where we will be in 10 years' time.

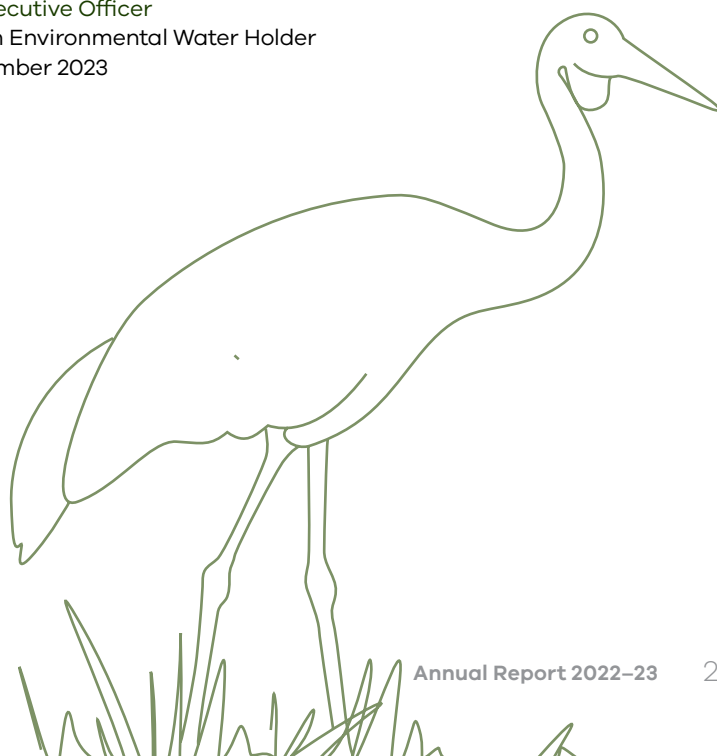
We affirm that the VEWH has complied with its legislative and financial requirements in 2022-23 and has delivered on outcomes against core and strategic programs.



Chris Chesterfield
Chairperson
Victorian Environmental Water Holder
19 September 2023



Dr Sarina Loo
Chief Executive Officer
Victorian Environmental Water Holder
19 September 2023



SECTION ONE

1.2 About the VEWH

Vision, mission and values

The VEWH is part of a statewide partnership program which plans, manages, delivers and evaluates environmental water use. The VEWH is the only organisation in Victoria wholly dedicated to environmental water management. The VEWH's vision below is for the environmental watering program as a whole, which relies on contributions from a range of partners.

Vision

Water for healthy waterways, valued by communities.

Organisation mission

The VEWH's role in delivering on the above program 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.

Organisational outcomes

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

Our Environment: Victoria's environmental Water Holdings are managed effectively and efficiently to optimise environmental outcomes for enduring benefit.

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

Our Culture: The VEWH is a highly capable, well-governed organisation that demonstrates a culture of 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.

Manner of establishment and responsible Minister/s

The VEWH was established on 1 July 2011 through an amendment to the *Water Act 1989* (the *Water Act*) passed by the Victorian Parliament in August 2010. The VEWH is the independent statutory body responsible for holding and managing Victoria's environmental Water Holdings. The use of the Water Holdings for environmental watering is critical in ensuring Victoria's rivers, wetlands and floodplains continue to maintain and improve the environmental benefits that Victorians value. The responsible Minister for the period from 1 July 2022 to 30 June 2023 was the Hon Harriet Shing MP, Minister for Water.

Objectives, functions, powers and duties

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

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

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

- apply and use water in the Water Holdings and otherwise exercise rights in the Water Holdings in accordance with the *Water Act*

- 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
- plan for the purposes of paragraphs (a) and (b)
- enter into any agreements for the purposes of paragraphs (a) and (b)
- 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)
- 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, consistent 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.”

1.3 Nature and range of services provided

The use of the Water Holdings for environmental watering is critical to ensuring that Victoria’s rivers, wetlands and floodplains can continue to provide the environmental benefits communities value most. The VEWH is responsible for making decisions on the most effective use of the Water Holdings, to ensure water is used when and where it is most needed and delivered in the most efficient way to optimise environmental outcomes for the State.

The VEWH provides its services under its three core outcome programs: Our Environment, Our Communities and Our Culture. Further information on the VEWH’s performance and achievements delivered under each program is summarised in Section 1.4.

Our Environment

Effective and efficient management of Victoria’s environmental Water Holdings is critical to optimise environmental outcomes for enduring benefit. This program outcome relates to two of the VEWH’s core responsibilities:

- overseeing the annual environmental water planning process and implementation of a seasonal watering plan
- decision-making by the VEWH Commission to manage the Water Holdings for environmental benefit.

Environmental water planning

A core responsibility of the VEWH is to oversee the annual environmental water planning process with regional waterway managers and other program partners.

As custodian of the Victorian Water Holdings, the VEWH carefully considers seasonal watering proposals developed by regional waterway managers. These proposals scope potential environmental watering actions (and associated environmental objectives) in each system for that year, considering lessons learned through previous environmental watering and new research.

The VEWH reviews the regional seasonal watering proposals and incorporates relevant information into a seasonal watering plan. The seasonal watering plan presents all potential environmental watering across Victoria for the coming water year under a range of seasonal conditions: drought, dry, average and wet. This allows environmental water managers to adapt to conditions and water availability during the year. The VEWH Commission meets throughout the year to authorise use of the Water Holdings in response to conditions and in line with the plan.

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

SECTION ONE

The annual planning process considers climate change in the following ways:

- **Adjusting environmental watering actions based on climate change predictions**
Waterway managers regularly review environmental watering actions to reflect the outcomes that can be achieved in the future. For example, in 2020-21, the environmental flow recommendations for the Goulburn River were updated to incorporate new knowledge and more specifically consider future climate change scenarios. These updated environmental watering recommendations were used to inform environmental watering in the Goulburn River in 2022-23.

Environmental flow objectives and recommendations for other systems will be updated to specifically consider climate change scenarios as part of scheduled periodic reviews. Seasonal watering proposals and the seasonal watering plan incorporate the most up-to-date environmental watering objectives and the watering actions required to support them.
- **Strengthening decision-making**
Climate change is likely increasing the deficit between environmental water supply and demand and in this context, robust decisions are needed about where and how to use available water to optimise environmental outcomes. Waterway managers continue to refine decision-making processes for individual systems through formal environmental water advisory groups and revise potential watering actions based on recent monitoring results and scientific advice. The VEWH continues to refine decision-making processes across systems, including through the identification and evaluation of Tier 1a, Tier 1b and Tier 2 watering actions¹. These processes are reflected in the watering actions presented in the seasonal watering plan and in the watering actions that the VEWH Commission authorises throughout the year.
- **Adjusting to climatic conditions throughout the year**
The seasonal watering plan presents watering actions that may be delivered under different seasonal conditions throughout the year and considers how much water to carryover in each system to support watering actions in subsequent dry years. This planning and associated implementation allows environmental improvement during wetter periods and reduces potential impacts of severe drought. This seasonally adaptive approach helps to optimise outcomes achieved with the increased frequency of extreme events predicted under climate change.

The VEWH and its program partners also look for opportunities to use water for the environment to provide additional social, economic, recreational and Aboriginal cultural benefits while still meeting the primary environmental objectives of specific watering actions. For example; holding water in weirs at specific times to help support local rowing regattas, delivering a required environmental watering action to coincide with a fishing event, or supporting Traditional Owner values and uses of water on their Country. The VEWH and its program partners incorporate such opportunities into watering decisions where they provide additional benefits without compromising environmental outcomes.

Managing the Water Holdings

The VEWH is responsible for making decisions about the most effective and efficient management of the Water Holdings to optimise enduring environmental benefits.

Efficient water management helps the VEWH meet environmental water demands (and avoid water supply shortfalls). This includes through use of return flows, carryover and trade. Other options, including working with storage managers to alter the timing and route for delivery of consumptive water, can also help to achieve environmental objectives without negatively impacting other water users.

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

¹ Tier 1a potential watering actions are required this year given current environmental conditions and are expected to be able to be delivered with predicted available supply.

Tier 1b potential watering actions are required this year given current environmental conditions but are not expected to be able to be delivered with predicted available supply.

Tier 2 potential watering actions are not considered necessary to deliver in the current year under specific planning scenarios but are likely to be needed in coming years and may be delivered in the current year if environmental conditions change or to take advantage of operational circumstances.

The VEWH can carry over water for environmental watering demands in the following year or sell water on the market if this optimises outcomes. Proceeds from the sale of environmental water allocations can be used to improve the environmental values and health of water ecosystems – for example; by purchasing water to meet shortfalls in other systems or at a later date; or by strategic investment in complementary works, measures, technical studies or other priorities that optimise environmental watering outcomes for enduring benefit.

In cases where available environmental water supply is less than needed to meet critical environmental needs, the VEWH considers whether other portfolio management options can help meet the demand. Specific options could include the transfer of water from an environmental entitlement in another system, purchasing water or using carryover to meet future demands. If these measures do not overcome the deficit, the VEWH, in collaboration with waterway managers (and other water holders if relevant), will prioritise which watering actions to meet.

A strategic focus for the VEWH is to improve its prioritisation processes to support effective decision-making around environmental water use, carryover, trade and investment to optimise environmental outcomes.

The VEWH may prioritise between actions in a single river or wetland, between different river reaches or wetlands within the same system, and between rivers or wetlands in different systems or regions. Prioritisation decisions are influenced by many factors such as the previous watering history in a river or wetland, environmental or third-party risk considerations, and seasonal conditions in that region. These decisions often involve accepting the risks associated with not delivering potential watering actions in some rivers or wetlands. In prioritising one environmental watering action or site over another, the VEWH always seeks to optimise environmental outcomes.

Our Communities

The focus of the 'Our Community' program is to increase the engagement, understanding and contribution of program partners, including Traditional Owners, stakeholders and communities in the environmental watering program. In particular, the VEWH plays a statewide role supporting the water delivery and communication and engagement activities of our program partners. Working together equates to better outcomes for the environment, and for everyone – we all rely on healthy waterways for our homes, farms, businesses and our wellbeing and enjoyment.

Our program partners are those organisations with a responsibility for delivering some part of the environmental watering program, including waterway managers, storage managers, land managers, other environmental water holders and increasingly, Traditional Owners. Supporting the increased participation of Traditional Owners as partners in environmental water planning, decision-making and management has been a strategic focus of the VEWH for several years. Our program has an increasing richness of information through better consideration of Traditional Owner ecological knowledge and cultural objectives, developed over many thousands of years of caring for Country. We support Traditional Owner self-determination for water on Country.

The expertise and grass roots advice of our partner agencies and their local stakeholders is a valued input to truth checking environmental values and objectives in each region. They not only help identify the values of rivers and wetlands in their areas, but also provide place-based cultural, economic, recreational and social perspectives to the program. Improving the health of our waterways intrinsically provides many of these values, and where we can optimise these benefits without compromising environmental outcomes, we aim to do so.

Communities play a key role in monitoring, together with our state and national scientific partners. We also listen to the perspectives of river communities and others who take the time to observe changes and patterns. The VEWH's stakeholders include organisations and individuals with a keen interest in the environmental watering program – such as irrigators, environmental groups, recreation groups including anglers, kayakers and birdwatchers – and scientists engaged by the VEWH or program partners during planning, delivery or reporting.

Strong program partnerships

Victoria's environmental watering program depends on decisions and inputs across multiple organisations. Figure 1.1 summarises the roles and responsibilities of the many contributors to the program.

Figure 1.1 Key partnerships and responsibilities



The VEWH works in collaboration with the Department of Energy, Environment and Climate Action (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.

Waterway managers (catchment management authorities [CMAs] and Melbourne Water) are the pivotal partners of the VEWH, 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 where water is applied. Waterway managers are also responsible for undertaking complementary catchment and waterway management activities, critical to ensuring the success of the watering program.

The VEWH works closely with other water holders to ensure coordinated and effective use of the available environmental water resources, including the Commonwealth Environmental Water Holder (CEWH) who is supported by the Commonwealth Environmental Water Office (CEWO), the MDBA through the Living Murray Program, and other states.

In northern Victoria, system-scale coordination between all water holders is facilitated through the Southern Connected Basin Environmental Watering Committee (SCBEWC), convened by the MDBA to coordinate delivery of environmental watering through the connected Murray system and oversee the use of environmental entitlements held under the Living Murray program. During the delivery of water for the environment, specific operational advisory groups are convened to track progress and adapt operations as needed.

The VEWH supports this partnership approach by:

- coordinating and/or attending joint partner meetings to share knowledge and coordinate activities (e.g. collaborative risk management workshops, operational advisory groups, prioritisation advisory groups, communications coordination, professional networks)
- formalising collaborative arrangements through partnership and operating agreements
- developing materials to support program communications and engagement (e.g. infographics, diagrams and videos)
- supporting local communication and engagement activities (e.g. presenting at community meetings, and promoting program partner stories, outcomes and communication)
- providing funding to support program partners in regional communication and engagement activities (e.g. Traditional Owner participation, citizen science activities) and technical projects (e.g. small-scale monitoring).

Increasing participation of Traditional Owners

Traditional Owners have a deep and enduring connection to Country, including Victoria's rivers, wetlands and floodplains. This connection spans tens of thousands of years. There is a meaningful intersect between the aims of the VEWH vision for healthy waterways, valued by 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. The VEWH *10-Year Strategy 2023 to 2033* has committed to progress Traditional Owner self-determination through the environmental watering program, including pathways as stated in the Victorian Government *Water is Life: Traditional Owner Access to Water Roadmap* (2022) policy (see Case Study 2, page 16).

The VEWH 10-year strategy has committed to:

- create an informed, and culturally safe environment within the VEWH and the broader environmental watering program
- evolve our operational practices to provide opportunities for Traditional Owner empowerment in planning, decision-making, delivery and monitoring of environmental water on Country

SECTION ONE

- identify and deconstruct barriers to increasing Traditional Owner self-determination within the current environmental watering program
- support Traditional Owner decision-making, leadership and self-governance around water management and rights.

Supporting Traditional Owner, stakeholder and community contribution

The environmental watering program continues to seek, incorporate and respect the knowledge and advice of Traditional Owners, scientists, peak body representative groups and interested local community members. Much of the contribution to the environmental watering program is planned and delivered by waterway managers, and the advice and feedback they receive represents the grass roots input to the environmental watering program.

Traditional Owner objectives and cultural values and uses for waterways are sought by waterway managers in the development of seasonal watering proposals. Community representatives and peak body organisations provide specific perspectives to guide implementation of the environmental watering program, particularly in identifying ways that social, economic, and recreational values and uses of waterways can be supported through complementary environmental watering activities or contributing to citizen science activities.

Engaging stakeholders, particularly those who also have a state-wide role, is an important part of the VEWH's business. The VEWH engages with state-level peak bodies and stakeholders in a variety of interest areas.

In addition to the specific VEWH commitment to increase Traditional Owner power and agency in the environmental water program, the VEWH conducts engagement through:

- integrating perspectives into decision-making in partnership with CMAs and Melbourne Water
- organising and attending stakeholder and community webinars, workshops or forums
- direct meetings with peak bodies and stakeholders
- developing program material to support interest group engagement
- funding activities (e.g. events)
- supporting local community engagement through its program partnerships (see 'strong program partnerships').

The VEWH has continued its commitment to improving transparency and providing clearer, more accessible information about the rationale for and benefits of environmental watering through its website, publications, social media, media releases and interviews, and engagement activities.

Our Culture

This program supports the VEWH to be a highly capable, well-governed organisation that demonstrates a culture of collaboration, integrity, commitment and initiative. It is through this program that the VEWH delivers its core governance functions that support its service delivery. This program covers:

- workforce support, development, and safety
- effective financial management
- compliance with governance requirements
- risk identification and management.

Further information on the 'Our Culture' program is covered below in Table 1.1 and in the following sections:

- 1.4 - Key VEWH initiatives and projects (page 19)
- 1.5 - Five-year financial summary (page 41)
- 1.6 - Current year financial review (page 42)
- 2.4 - Occupational Health and Safety (page 47)
- 3 - Workforce data (page 48)
- 5 - Financial Statements (page 55).

1.4 Performance report (non-financial)

Achievements

The VEWH has developed a program of outputs to work towards each of our three outcomes (Our Environment, Our Communities, Our Culture), as well as indicators and measures to report on how the VEWH is tracking in achieving these outcomes. The achievement against these measures is summarised in Table 11.

Table 11: Reporting against outcomes in the Corporate Plan 2022-23

Program / Outcome	Outcome indicator	Outcome measures	Achievement / Comment
<p><i>Our Environment:</i></p> <p>Victoria's environmental Water Holdings are managed effectively and efficiently to optimise environmental outcomes for enduring benefit.</p>	<p>Planning</p> <p>Seasonal watering plan is evolving to incorporate new scientific knowledge, Aboriginal values and environmental knowledge, input from other stakeholders and adaptations to climate change, and strategic projects are progressed to improve future watering effectiveness.</p>	<p>Planning</p> <p>Seasonal watering plan published by 30 June and annually report on:</p> <ul style="list-style-type: none"> the number of potential watering actions presented in the plan specific watering actions that consider Aboriginal cultural values and uses of waterways specific watering actions that consider social and recreational values and uses of waterways systems where watering actions have been updated based on new environmental flow studies improved environmental watering knowledge and outcomes through; <ul style="list-style-type: none"> funding and/ or influencing environmental flow monitoring and research contributions to government policy supporting complementary works and measures that improve environmental flow outcomes. 	<p><i>Seasonal Watering Plan 2023-24</i> was published on 30 June 2023, including:</p> <ul style="list-style-type: none"> 276 potential watering actions across 18 systems at least 23 watering actions across 13 sites planned with or intended to be delivered in partnership with Traditional Owners to support Aboriginal cultural values and uses of waterways potential adjustments to the timing or management of planned environmental flows for at least 19 watering actions to support social and recreational values and uses of waterways identification of priority watering actions to deliver in each system under drought, dry, average and wet scenarios to adapt to seasonal conditions throughout the year. <p>The environmental flow study completed in 2022-23 was for the Werribee system and it did not result in any new potential watering actions in the <i>Seasonal Watering Plan 2023-24</i>.</p> <p><i>Example activities and achievements associated with improved environmental watering knowledge and outcomes are provided on page 12.</i></p>
	<p>Delivery</p> <p>Water Holdings are used, carried over and traded in accordance with seasonal conditions to reduce the gap between the required water regime and actual water regime at priority waterways.</p>	<p>Delivery</p> <p>Percentage of potential watering actions delivered supported by:</p> <ul style="list-style-type: none"> trend analysis results from monitoring programs that demonstrate watering outcomes summary of trade activity undertaken to achieve priority watering actions and optimize use of available portfolio for enduring benefit. 	<ul style="list-style-type: none"> Ninety nine percent of required potential watering actions were fully or partially achieved in 2022-23. This result is higher than in 2019-20 to 2021-22 due to the wet conditions in 2022-23. Many required actions were met via natural flows, allowing available water for the environment to be used to meet other priorities. The VEWH sold 45,000 ML of available allocation in the Murray and Goulburn systems in 2022-23. The sale yielded \$630,939 (after transaction fees), which the VEWH will invest in specific projects to optimise environmental watering outcomes for enduring benefit.

SECTION ONE



Program / Outcome	Outcome indicator	Outcome measures	Achievement / Comment
<i>Our Environment</i>			<ul style="list-style-type: none"> The VEWH purchased 600 ML of allocation in the Broken system and 321.9 ML of allocation in the Maribyrnong system in 2022-23 to deliver critical flows. The purchases cost \$41,654 (including GST and transaction fees). <p>See Case Study 4 (page 32) and example activities and achievements provided on page 21.</p>
<i>Our Communities:</i> Engagement, understanding and contribution of partners, stakeholders and communities in the environmental watering program is strengthened.	Participation of Traditional Owners in water for the environment planning and management is increased.	Number of water planning and management activities that Traditional Owner groups were involved in annually.	Traditional Owners partnered with watering program partners to plan and/or manage environmental water at 12 sites across Victoria in 2022-23.
	Community and stakeholder understanding of and contribution to the watering program is increased.	Percentage of actions of Communication and Engagement Strategy delivered, supported by examples to illustrate activities and achievements.	<p>Ninety seven percent of actions in the VEWH Communication and Engagement Strategy were delivered. Program partnerships remained strong, including increasing means for Traditional Owner agency and self-determination for water for the environment delivered on Country.</p> <p>See Case Study 2 on page 16 as an example of increasing Traditional Owner self-determination, and Case Study 3 on page 17 for how environmental flows support recreational fishing, and how anglers want to learn more about their rivers.</p>
	Program partnerships for coordinated communication and delivery of the environmental watering program are strengthened.	Results of annual survey of key program delivery partners satisfaction with VEWH partnerships.	<p>Program partner satisfaction is an important measure for the VEWH to ensure our effectiveness in the environmental watering program. Qualitative evidence sought in 2022-23, as part of the development of the 2023-24 to 2025-26 Communication and Engagement Strategy indicated program partner relationships are collaborative and constructive.</p> <p>The next Program Partner Survey is due 2024.</p> <p>Refer to comments on page 18 for further details.</p>

Program / Outcome	Outcome indicator	Outcome measures	Achievement / Comment
<p><i>Our Culture:</i></p> <p>The VEWH is a highly capable, well-governed organisation that demonstrates a culture of collaboration, integrity, commitment and initiative.</p>	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 Matter survey completed in 2023 with results showing overall improved scores. Refer to comments on page 18 for further details.
	VEWH finances are managed effectively.	Variance of actual expenditure to budgeted expenditure is within 10 percent (excluding trade revenue/expenditure and water delivery costs).	The variance for 2022-23 is 7.4 percent below budget. The overall financial outcomes are described in section 1.6.
	Governance requirements are complied with.	<i>Water Act 1989</i> , Financial Management Compliance Framework, Ministerial Rules and Water Holdings obligations fulfilled on time – 100 percent compliance.	Governance obligations fulfilled on time and 99 percent compliant, same as previous year. Refer to comments on page 18 for further details.
	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.	VEWH Risk Management Framework, Strategic Risk Register and Risk Appetite Statement reviewed and updated in 2022-23. Risk and Audit Committee supported. Operational risk workshops held with program partners in 2023.

The following provides examples of activities and achievements for the outcome measures specified above.

Responding to new information in the *Seasonal Watering Plan 2023-24*

- Ongoing prioritisation assessments by waterway managers did not identify any new stand-alone sites to include in the *Seasonal Watering Plan 2023-24*, but the Mallee CMA has proposed that water for the environment should be delivered to several wetlands within the lower Murray wetlands and Lindsay, Mulcra and Wallpolla islands for the first time in 2023-24 (see Sections 5.2.6 and 5.2.7 of the *Seasonal Watering Plan 2023-24*):
 - » Wakool Creek in the lower Murray wetland system was identified as a priority environmental watering site in the Murrumbidgee Junction Environmental Water Management Plan (2015). It has not previously been watered because the recommended optimal watering regime has been achieved over the previous 10 years, but additional watering is now considered necessary to consolidate environmental benefits associated with the 2022 floods.
 - » Bilgoes Billabong, Bottom Island, West Lindsay Floodplain and Woodcutters are discrete wetlands within the Lindsay, Mulcra, Wallpolla Icon site that have not received their required water regime over the last decade and will potentially be watered via temporary pumps in 2023-24 to consolidate environmental gains associated with the 2022 floods. The West Lindsay Floodplain site has also been identified as a priority environmental watering area by the First Peoples of the Millewa Mallee.
- Potential watering actions for the upper Barwon River have been amended in section 3.7.1 of the *Seasonal Watering Plan 2023-24* to reduce the risk of flooding private land. Recent monitoring has shown that previous flow recommendations posed a risk of inundating private land if significant rain fell while the environmental watering action was being delivered.

SECTION ONE

- Large floods in spring 2022 have significantly influenced planned watering actions in the *Seasonal Watering Plan 2023-24* for many systems. Specific examples include:
 - » follow up watering to consolidate the growth of floodplain vegetation that recruited during the floods
 - » targeted watering within river channels to help recover riparian vegetation communities that were damaged by the floods
 - » topping up selected wetlands and floodplain habitats to provide food for the large number of juvenile and sub-adult waterbirds that fledged after the floods
 - » deliberate drawdown and drying of selected wetlands to eliminate carp impacts at those sites.

Complementary works for improved environmental flows outcomes

- Construction of a water regulator at Catfish Billabong (which is part of the lower Murray wetland system), was completed in 2022-23 and is expected to be used for the first time in 2023-24. The works were funded by the Victorian Government's *Building Works Program* and will allow managed wetting and drying of the wetland to support native fish and wading shorebirds.
- Construction of a fishway at Taylors Weir on Taylors Creek in the Torrumbarry Irrigation Area commenced in 2022-23 and will be completed in 2023-24. The fishway complements previous fishway construction at Cohuna Weir and Koondrook to allow native fish to move freely between the Loddon River, Gunbower Creek and Murray River to support breeding and enhance dispersal.
- The VEWH committed trade revenue funds in 2022-23 to support the construction of water delivery infrastructure to Kinnairds Wetland in the Broken system and refuge pools in the lower Wimmera River to allow water for the environment to be delivered to these sites more efficiently at critical times. The Kinnairds Wetland project is expected to be completed in 2023-24 and the Wimmera refuge pool project is expected to be completed in 2024-25.

Monitoring environmental watering outcomes

The effect of environmental watering in Victoria is assessed through various programs including:

- the Victorian Environmental Flows Monitoring and Assessment Program (VEFMAP) and Victorian Wetland Monitoring and Assessment Program (WetMAP), which are funded and managed by DEECA
- condition and intervention monitoring at Victorian Living Murray Icon sites (Barmah Forest, Gunbower Forest, Hattah Lakes and Lindsay, Mulcra, Wallpolla Islands), which are funded by the Murray-Darling Basin Joint Venture Programs
- long-term intervention monitoring and associated research undertaken as part of the Commonwealth Environmental Water Holder's FLOW-MER program, and
- smaller risk or operational-based monitoring at specific sites that is funded by the VEWH and conducted by CMAs.

Case Study 1:

Why water when it's wet - Gunbower Forest

Water for the environment played an important supporting role in northern Victoria last year, even after one of the biggest floods on record.

An example is Gunbower Forest where, before the floods, water managers were completing their scheduled watering actions. An environmental flow delivered in winter through to early spring 2022 mimicked pre-regulation winter flows helping prime the forest, start the breakdown of carbon on the floodplain while conditions were cool and reduce the risk of developing low dissolved oxygen levels when weather warms.

Once natural events were pushing river levels higher, deliveries of water held for the environment were stopped.

The natural flood event in late 2022 resulted in an estimated 80 percent of the Gunbower Forest floodplain being inundated, a far wider area than water for the environment deliveries can reach.

The natural flood event triggered significant waterbird breeding and gave the Gunbower Forest floodplain vegetation a much-needed drink. Waterbird numbers are in serious decline across the Murray-Darling Basin but following the 2022 floods more than 1000 juvenile waterbirds were recorded in Gunbower Forest.

But these youngsters need habitat and food to survive to breeding age. CSIRO research¹ in the Murray-Darling Basin has shown just how vulnerable young birds are to starvation, predation, and habitat loss. To survive to adulthood, they need healthy wetland and floodplain vegetation, and for the vegetation of Gunbower Forest to stay healthy it needs regular flooding. We know from monitoring after the 2010-11 floods how quickly the condition of trees, wetland and understorey vegetation deteriorated as the forest dried out - not surprising given the forest communities evolved with a pre-regulation regime of flooding every year or two. Maintaining the health of floodplain forests beyond one seasonal event is vital to support chicks to survive to breeding age themselves, with wetland areas providing foraging grounds and appropriate habitat.

To support the Gunbower Forest bird breeding event following the 2022 floods, water for the environment commenced in June 2023 to support the Gunbower Forest floodplain vegetation in between natural flow events, providing the right habitat variation and food resources for the young birds and their parents. High natural flows saw the environmental flows paused in early July 2023. If needed they will resume to complete the winter/spring environmental water delivery.

Flexible, responsive environmental water management is an important tool the VEWH uses to maximise environmental outcomes in varying seasonal conditions. In this case, we can see how the use of water for the environment can be used to support outcomes in a wet seasonal scenario.

¹ O'Brien, L., McGinness, H.M. Ibis and spoonbill chick growth and energy requirements: implications for wetland and water management. *Wetlands Ecol. Manage.* **27**, 725–742 (2019).

SECTION ONE

Traditional Owner participation and outcomes

- Traditional Owner partnerships with environmental watering program partners have been developed over several years, building on the *Water for Victoria 2016* policy. For instance, environmental water planning and management has been an ongoing collaborative effort between waterway managers and Traditional Owners along parts of the Glenelg River, King River, Guttrum Forest, Gunbower Forest, Ranch Billabong, the lower Latrobe wetlands, the Annulus, Banyule and Bolin billabongs and the Goulburn wetlands.
- As a specific example, Taungurung Land and Waters Council (TLaWC) played a key role in the pumping of environmental water to Horseshoe Lagoon in 2022-23. Taungurung has a special interest in the rehabilitation of Goulburn floodplain wetlands that are now largely disconnected from the river. In 2022-23, environmental watering actions in the mid-Goulburn (Waring) – reaches 1 to 3 – were reviewed and updated, including higher winter flows, which TLaWC supported. TLaWC continues to conduct biocultural monitoring in both the Goulburn and Campaspe catchments.
- The VEWH acknowledges the current instruments and frameworks for management of water for the environment need to be strengthened to better enable Traditional Owner self-determination and we aim for a future where Traditional Owners are empowered as the original custodians of lands and water, as advised through Victorian Government policy.



Case Study 2:

Progressing Traditional Owner self-determination

In September 2022 the Victorian Government released the *Water is Life: Traditional Owner Access to Water Roadmap* policy, a restorative justice approach to respect the rights of Traditional Owners to water on Country.

Water is Life is a framework for Traditional Owner self-determination in water access and management, including increasing the Traditional Owner decision-making on how water for the environment is used to help heal Country.

The VEWH is strongly supportive of *Water is Life* and sees an active role to support implementation – most recently, the VEWH *10-Year Strategy 2023 to 2033* commits to supporting Traditional Owner self-determination as one of five strategic priorities.

A short-term action in *Water is Life* is to develop new guidelines for Traditional Owners to submit seasonal watering proposals to the VEWH.

Each year the VEWH issues seasonal watering proposal guidelines to waterway managers. These guidelines represent a statutory obligation under the *Water Act 1989*, but the guidelines are complex, and aimed at government agencies.

To inform Traditional Owner-led seasonal watering proposal guidelines that support cultural objectives for Country where they align with environmental objectives, Traditional Owners, DEECA and the VEWH, together with land and waterway managers, are advancing several trial sites.

Developing guidelines through trials aims to identify opportunities for and barriers against Traditional Owner-led seasonal watering proposals.

The trials will enable hands-on understanding of how current processes for water held for the environment can be adapted to enable Traditional Owner-led seasonal watering proposals that meet legislative requirements but enable the realisation of Traditional Owner objectives for water held for the environment on Country.

The use of environmental water must meet the environmental water reserve objective specified in the *Water Act 1989* and any other relevant legal instruments and have clear environmental objectives and outcomes. However Traditional Owners have been caring for Country for tens of thousands of years, including maintaining the health and flow of water. The trials will inform the development of guidelines that recognise the intersect between Traditional Owner objectives for Country, and current legislative requirements.

Participating Traditional Owner groups selected several trial sites in northern Victoria and the Wimmera. Scoping meetings were held on Country with four of the five nominated trial sites in autumn 2023. Trial project planning will be led by Traditional Owners. The guidelines are expected to be finalised by 2026.

SECTION ONE



The many benefits of water for the environment

- We need our rivers, wetlands and floodplains, and our waterways need people. Community benefits from healthy waterways are expressed in many ways, including wellbeing, regional prosperity, and shared experiences.
- In planning for the year ahead, the VEWH and its program partners considered how environmental flows can directly support more than 55 social, recreational and economic benefits. This includes plans to support community events and tourism – such as holding water for the environment in weir pools temporarily to improve conditions for recreational events. Water for the environment held in the weir pools is released after the community events to support ecological objectives further downstream. For instance, this method was used in 2022-23 to raise the Horsham, Dimboola and Jeparit weir pools and improve conditions for fishing competitions and water skiing and rowing events.
- The VEWH continued to support the Victorian Freshwater Fish Habitat and Flows Alliance. Alliance members include representatives from the recreational fishing sector and government agencies responsible for fisheries, land and water management. It provides opportunities to share knowledge and information about fish habitat and flows initiatives, management techniques, research and related activities. The VEWH CEO is on the Project Control Board of the Native Fish Conservation Program, and the VEWH provides funding support for a cool water species native fish hatchery.

Case Study 3:

World Recreational Fishing Conference talks about environmental water

A diverse and well-informed group of people took part in a workshop at the 10th World Recreational Fishing Conference held in Melbourne in February 2023 to discuss what anglers want to know about water for the environment, and how they want to be engaged.

Representatives from OzFish and VRFish, the Victorian Fisheries Authority, the Arthur Rylah Institute, NSW Department of Primary Industries Fisheries, catchment management authorities and local and international academics shared their insights and ideas about water held for the environment.

Attendees heard from VEWH CEO Dr Sarina Loo and Dr Lucy Nairn, also from the VEWH, along with Stephen Ryan from the Glenelg Hopkins Catchment Management Authority and independent angler Tom Camp, on the environmental watering program, how it supports recreational fishing and how anglers can act as stewards for healthy rivers. Examples on how environmental flows support native fish include prompting fish breeding through the creation of flow triggers, allowing fish movement through systems, the provision of suitable healthy habitat and food sources and maintaining water quality were presented.

A key outcome from the workshop was a report outlining ideas on how to best engage anglers on the benefits and management of water for the environment. Ideas included supporting the important role of peak bodies to share the knowledge between anglers, government and scientists and how story telling backed by facts is powerful, particularly when local or related to local issues.

“The workshop provided an excellent opportunity for stakeholders to come together and learn more about the environmental watering program, as well as giving the VEWH a chance to benefit from their knowledge.

“By involving stakeholders in the development of engagement programs we maximise opportunities to get our message to our community, as well as gaining a better understanding of stakeholder needs,” Dr Loo said.

More than 1.1 million people in Victoria are recreational anglers, with freshwater systems attracting over half of these.

Partner satisfaction

- The VEWH regularly conducts program partner surveys to help measure partner satisfaction with the VEWH. The formal survey was not conducted in 2022-23 and a decision made to move away from annual surveys to surveys every two to three years. The Program Partner Survey enables the VEWH to assess the feedback provided and determine priority areas for follow up and action. Moving to a reduced frequency will better enable due consideration and change implemented through any opportunities or issues identified as part of the surveys. It will also result in greater efficiencies for the VEWH, and our program partners. The next VEWH Program Partner Survey is due 2023-24.
- In 2022-23 the VEWH conducted thorough engagement with waterway managers at the operational level regarding communication and engagement activities and outputs, as part of the reviews of the seasonal watering plan and Reflections. 2022-23 also saw our program partners and the VEWH taking the opportunity to reconnect face to face following the COVID-19 pandemic, and the VEWH joined waterway managers at several face to face meetings held on waterways, including attending several environmental watering advisory group meetings. Analysis of previous partner satisfaction survey data in conjunction with consideration of recent qualitative interviews demonstrates active collaboration and consistent contact with program partners. The VEWH is confident relationships are being actively and satisfactorily managed with our program partners.

People Matter survey

- In 2022, 100 percent of VEWH staff participated in the Victorian Public Service 'People Matter' survey. Overall, the results of the survey were positive including:
 - » increased satisfaction with jobs, work-life balance and career development, a decline in staff that experience high work-related stress and an increase in staff that feel they have an appropriate workload
 - » 100 percent of staff agreeing that their manager fosters a positive workplace environment, and
 - » strong agreement on VEWH's commitment to workplace flexibility and that staff support each other and work well together.
- The improved results are reflective of the implementation of the VEWH People Strategy. The focus areas for the People Strategy include:
 - » 'working smarter not harder' - improving workload management and reflecting on individual workstyles and behaviours
 - » adapting to a transformed working environment including transitioning back to the workplace and future flexible work arrangements
 - » improved employee capability and retention.

Water Act 1989, Financial Compliance Management Framework, Ministerial Rules and Water Holdings obligations

- For 2022-23, the VEWH fulfilled 99 percent of *Water Act 1989*, DEECA's Portfolio Financial Compliance Management Framework, Ministerial Rules and Water Holdings obligations on time (as shown in Table 1.1). The VEWH complied with all the relevant provisions in the *Water Act*, the *Public Administration Act 2004* and the *Financial Management Act 1994*. The VEWH also complied with the Ministerial Rules that were made on 23 June 2014 under section 33DZA of the *Water Act*.
- The VEWH fulfilled all Water Holdings obligations apart from one. Since its inception, the VEWH has progressively developed operating arrangements and metering programs to improve compliance, with only one metering plan for the *Upper Barwon River Environmental Entitlement 2018* incomplete. DEECA have agreed to extend the deadline for completion of the *Upper Barwon River Environmental Entitlement 2018* metering plan until at least 2024-25, at which time VEWH will be required to submit updated metering plans for all entitlements with metering plan obligations, to comply with new guidelines that have been developed by DEECA. The agreed time extension is to enable the water corporation metering plans to be developed first.

SECTION ONE

Key VEWH initiatives and projects

Key tasks which contribute to the achievement of the VEWH's vision and continuous improvement of the core programs are captured as strategic focus areas in the *Corporate Plan 2022-23 to 2025-26*. Progress on these focus areas is outlined below.

Our Environment

Strategic focus area: Improved portfolio optimisation through progress on:

- 1. landscape-scale planning and prioritisation**
- 2. preparedness for drought and climate change**
- 3. improved operational (i.e. policy) environment, and**
- 4. improved water governance.**

Landscape-scale planning and prioritisation

In 2022-23, the VEWH continued the landscape-scale prioritisation project in northern Victoria. This project explicitly considers ecological processes that operate at a landscape-scale when planning and prioritising use of available environmental water. It recognises that some environmental objectives will be best achieved by watering combinations of river reaches and wetlands in a coordinated way.

In 2022-23, the VEWH:

- worked with program partners to incorporate landscape-scale planning in existing processes and consider collective steps to embed landscape-scale planning in future strategies and policies. Specific activities included:
 - » working with DEECA to facilitate discussion about a range of strategic environmental water issues with the Victorian Environmental Water Leadership Group. Specific issues considered in 2022-23 include refining environmental objectives in the new Victorian Waterway Management Strategy to better consider climate change and support landscape-scale planning, implementation of *Water is Life* and how social and recreational outcomes are considered in environmental water planning and prioritisation processes
 - » encouraging a focus on landscape-scale monitoring and research through membership of the VEFMAP/WetMAP Project Steering Committee and Southern Connected Basin Environmental Watering Committee Monitoring sub-group, and participation in Commonwealth Environmental Water Office Monitoring Evaluation and Research (FLOW-MER) and Murray-Darling Basin Authority Water for the Environment Research Program (WERP) forums
- convened a workshop with fish scientists, waterway managers and Traditional Owners to consider how native fish use waterways at a landscape-scale throughout the southern Murray-Darling Basin. The next step in this work will be to synthesise western science understanding of how fish use the southern Murray-Darling Basin into an information product that water managers, fish scientists and Traditional Owners can use to improve management and research
- collated data on environmental objectives from the *Seasonal Watering Plan 2022-23*. This will support the mapping of environmental objectives across the state which will enable us to do a 'landscape-scale interrogation' of the site-based approach which will possibly lead to changes in planning, management and monitoring
- contributed to a technical advisory group for an MDBA Water for the Environment Research Project (WERP) that is assessing the distribution of colonial waterbird habitats across the Murray-Darling Basin to inform landscape-scale water planning. The project is extending the work done by VEWH and CSIRO in 2019-20 and 2020-21.

Preparedness for drought and climate change

In 2022-23, the VEWH continued to work with DEECA and the Wimmera CMA to progress plans for the Wimmera Drought Refuge Project. The project aims to connect selected refuge pools in the lower Wimmera River to the Wimmera-Mallee Pipeline to allow water for the environment to be delivered to key refuge sites when the river stops flowing. The VEWH was a member of a project Steering Committee for a technical project to assess the feasibility of the project and to select specific refuge pools that would provide potential

environmental benefit. That work identified four potential refuge pools in the lower Wimmera River between Dimboola and Jeparit and the VEWH has contributed funds for construction activities to connect those sites to the Wimmera-Mallee Pipeline supply network. Construction is expected to be completed during 2024-25, which will allow water for the environment to be delivered to the refuge pools during the next drought.

Improved operational environment

In 2022-23, the VEWH provided strategic input to policy development led by other agencies relating to water entitlements and governance, water delivery, works and measures, and catchment management. Key contributions related to:

- development of the new Victorian Waterway Management Strategy (VWMS)
- implementation of *Water is Life: Traditional Owner Access to Water Roadmap*
- implementation of the Gippsland and Central Region Sustainable Water Strategy
- development of the Goulburn-Murray trade rule implementation governance arrangements
- Latrobe Valley Regional Rehabilitation Strategy (LVRRS), Murray-Darling Basin Plan and Sustainable Diversion Limit Adjustment Measure (SDLAM) projects including Enhanced Environmental Water Delivery (EEWD), Constraints Management Project, Victorian Murray Floodplain Restoration Project (VMFRP) and the update of the Basin-wide Environmental Watering Strategy
- represented environmental considerations at working group meetings for the Barmah-Millewa feasibility study
- the establishment of new Mitigation Water entitlements associated with the Northern Victorian Irrigation Renewal Project (NVIRP) and work to commence entitlement amendments for the Tarago system.

Improved water governance

Ongoing progress has been made on developing water accounting protocols, renewing the trade business rule, and developing the trade revenue investment framework.

Our Communities

Strategic focus area: Activities delivered to support VEWH's contribution to self-determination aspirations and recognition of Traditional Owners' knowledge, values, practices and rights in the environmental watering program.

In 2022-23, the VEWH had many discussions with Traditional Owner groups and continued to collaborate with program partners to support self-determination and increase Aboriginal influence in the program. The Victorian Government released the *Water is Life: Traditional Owner Access to Water Roadmap* policy in September 2022, and the VEWH and DEECA met with the Murray Lower Darling Rivers Indigenous Nations, the Federation for Victorian Traditional Owner Corporations, Traditional Owner corporations and Aboriginal water officers on short-term actions involving water held for the environment.

Many Traditional Owner groups supported the development of seasonal watering proposals and the *Seasonal Watering Plan 2023-24*. Documenting Traditional Owner cultural values and uses for the seasonal watering plan and associated processes has strengthened understanding of how the VEWH and its partners can better support those values and uses. This includes ways to ensure more culturally sensitive watering processes and creating opportunities for Traditional Owners to influence and participate in the planning, decision-making, delivery and monitoring of water for the environment on Country. In some cases, Traditional Owners are authoring or co-authoring seasonal watering proposal sections and determining terms of engagement for the proposals. Meetings were held on Country with four of five trial sites nominated by Traditional Owners to inform the development of guidelines to inform Traditional Owner-led seasonal watering proposals (see Case Study 2, page 16).

The VEWH continued to support Traditional Owners' objectives through watering priority sites including Horseshoe Lagoon with Taungurung Land and Waters Council (TLaWC), and Lake Boort with DJAARA (Dja Dja Wurrung Clans Aboriginal Cooperation). The VEWH is also partnering with DJAARA on its Dhelkunya Gatjin 'Working together to heal water' Djaara Gatjin Strategy, and with TLaWC on its Corop Cultural Waterscapes project.

VEWH staff training in Aboriginal cultural safety awareness continued to be a priority.

SECTION ONE

Evaluation of existing communication and engagement activities completed in liaison with key program partners and possible innovations identified.

In 2022-23 the VEWH completed reviews of several communication and engagement activities and products. Program partner input was sought, and subsequent feedback provided, and there was an analysis of external audiences.

The annual Reflections reporting document is a high quality and well-liked publication that captures a record of the environmental watering program progress each year. However, due to high production effort internally and a need to update accessibility, a review was undertaken. The review confirmed Reflections met an important reporting obligation and provided a transparent record of how the Water Holding is managed each year, and timely delivery was important to meet audience requirements. It was determined Reflections continue to report the VEWH's management of water resources in response to climate conditions and other inputs throughout the year, with a focus on a case study from each region and less illustrative content to enable timely publication and greater accessibility.

Since the VEWH was established more than 10 years ago, our water holdings, responsibilities and scope have evolved. The seasonal watering plan which is required to be publicly available by 30 June each year had increased from 88 pages initially to 305 pages for the 2022-23 document. A review was undertaken of the annual seasonal watering plan document, including content, format, language, and purpose in 2022-23. The organisational objective was to have a seasonal watering plan that met legislative and audience requirements.

The review confirmed that the seasonal watering plan's primary purpose was to meet legislative requirements to transparently define and publish what environmental watering is planned for the coming year. Identification of where water for the environment can also meet shared cultural, social and recreation values remained important through the planning document, and it should meet minimum accessibility requirements including, where possible, language. The primary audience was identified as program partners for operational purposes including increasingly, Traditional Owners, and to a lesser degree stakeholders and individuals with a specific interest in the environmental watering program. The review confirmed a shortened document made available via the website in both word and PDF versions, would best meet legislative and audience requirements. The *Seasonal Watering Plan 2023-24* is an example of the transition toward the renewed product.

The review outcomes of Reflections and the seasonal watering plan will increase the accessibility of the products and reduce the risk of not meeting transparency targets and legislated timelines.

Updated stakeholder analysis and mapping completed, and strategic opportunities identified.

VEWH engagement with stakeholders was significantly impacted by the global COVID-19 pandemic, with key recurrent face to face activities such as the VEWH Water for the Environment Matters forum unable to be held, and other regular events such as Victorian Fish Flows and Habitat roundtable with anglers shifting online.

In 2022-23 the VEWH analysed its stakeholder activity, to determine efficacy and potential gaps that may have emerged during the pandemic. The analysis showed that virtual engagement maintained many relationships, but there were significant opportunities to further strengthen connections with increased face to face contact and visits to watering sites and landscapes. Face to face engagement builds participation and trust, and enables the VEWH to build a better understanding of stakeholder interests and needs. Opportunities to meet with waterway manager environmental water advisory groups, undertake regional visits and reconnect with one-on-one face to face meetings were undertaken.

The stakeholder analysis and mapping identified that interest groups and peak bodies were more reliant on specific activities to reconnect, for instance through the Water for the Environment Matters forum the VEWH conducts every few years. Providing opportunities for the VEWH and our stakeholders to share information, learn together and understand different perspectives is important. The opportunity to reconnect with groups who are keen to share their ideas on water for the environment, and their needs, will be a focus for 2023-24.

Operational performance (implementing the seasonal watering plan)

The *Seasonal Watering Plan 2022-23* identified 294 potential watering actions across Victoria that could be delivered under a range of planning scenarios. The number of watering actions that are delivered depends on seasonal and operational conditions experienced throughout the year.

Of the 294 potential watering actions identified in the *Seasonal Watering Plan 2022-23*, 29 (i.e. 10 percent) were not required for the following reasons:

- pre-requisite seasonal conditions, ecological or hydrological triggers did not occur (affected 23 potential watering actions)
- the watering action was not essential to be delivered in 2022-23 to achieve environmental objectives (i.e. Tier 2 watering actions¹ affected six potential watering actions).

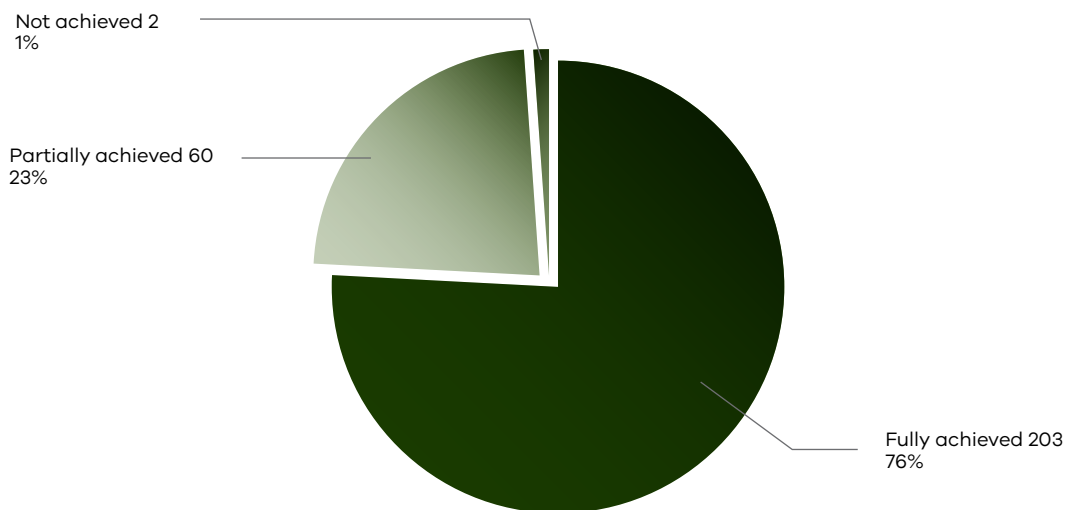
Specifying the relative importance of potential watering actions and the pre-requisite conditions for their delivery is an important aspect of the environmental water planning process. It supports adaptive management and effective use of the Water Holdings throughout the year.

In 2019-20, the VEWH adopted a revised method for assessing achievement of potential watering actions. The revised method uses direct measures of stream flow and environmental water use to determine the extent to which the prescribed magnitude, duration, timing and frequency of each required watering action is met and combines those results to produce an achievement score for each action. It is more quantitative than previous methods and can be more consistently applied across systems, but it is only possible to compare results from 2019-20 onwards (see Figure 1.3 and Table 1.2).

Potential watering actions with an individual achievement score of 100 percent are deemed to have fully achieved their hydrological outcomes for the year and there is high confidence that the functional objectives of the watering action were met. Potential watering actions with an individual achievement score of 25 to 99 percent are deemed to have partially achieved their hydrological outcomes for the year and there is moderate confidence that the functional objectives of the watering action were met. Potential watering actions with an individual achievement score of less than 25 percent are deemed to have not achieved their intended hydrological objective and hence not contributed to their target environmental outcome.

Ninety nine percent (i.e. 263 out of 265) of watering actions that were required in 2022-23 either fully or partially achieved their intended hydrological outcomes. Only two of the required potential watering actions in 2022-23 did not achieve their intended hydrological outcomes (see Figure 1.2).

Figure 1.2 Achievement of required potential watering actions in 2022-23



¹ Tier 1 potential watering actions are critical to achieving environmental objectives in the current year and included in the annual assessment. Tier 2 potential watering actions are critical to achieving environmental objectives in the long-term but they can be deferred without significant environmental harm, therefore they are excluded from the annual assessment.

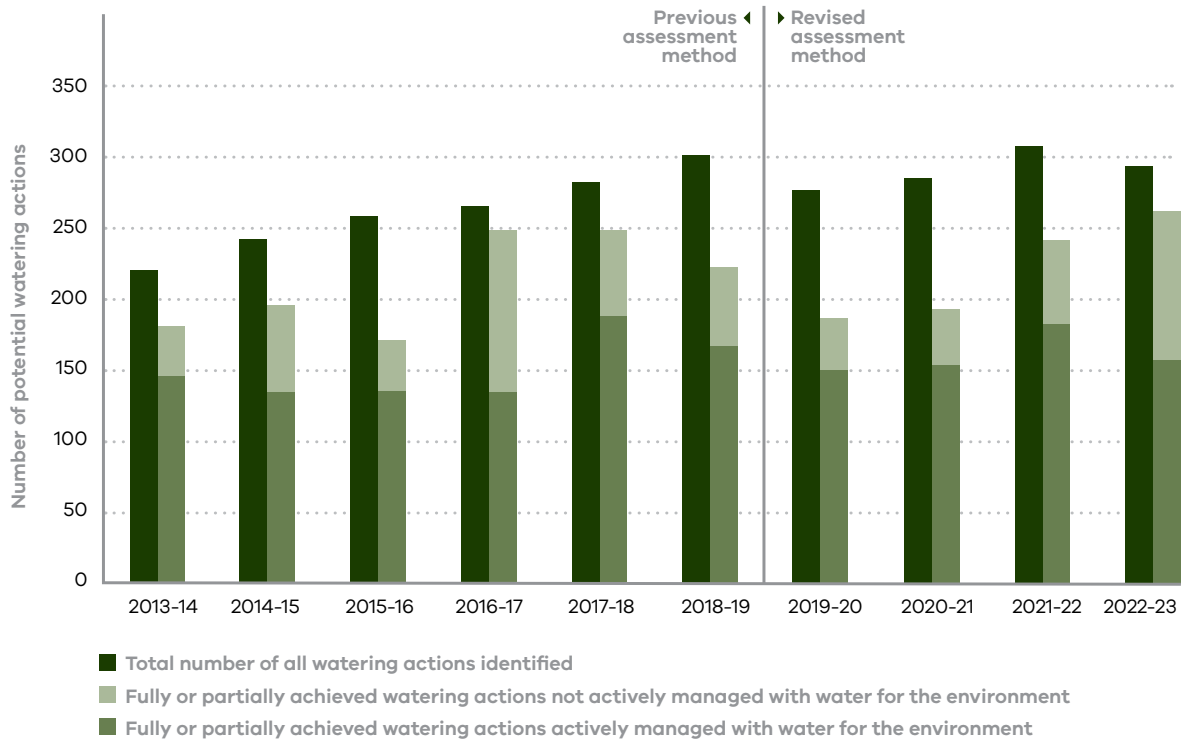
SECTION ONE



Sixty percent (158) of fully or partially achieved watering actions had some contribution from the environmental Water Holdings. The remaining watering actions were fully or partially achieved through passing flows, natural flows, unregulated flows and/or the delivery of consumptive water.

Figure 1.3 shows the number of potential watering actions that were planned each year since 2013-14, the number that were fully or partially achieved, and the proportion that directly received water for the environment.

Figure 1.3 Potential watering actions identified and achievement of watering actions that were undertaken in the past 10 years



The VEWH coordinated delivery of water for the environment to 89 river reaches¹ (across 36 waterways) and 65 wetlands giving a total of 154 sites across Victoria. The number of sites watered since the VEWH's inception is illustrated in Figure 1.4.

The number of sites watered each year between 2013-14 and 2016-17 fluctuated due to climatic conditions, water availability and infrastructure improvements. In 2022-23, the number of sites watered is lower than the previous five years, as planned watering actions at many sites (particularly at wetlands) were achieved naturally, without the need of additional deliveries of water for the environment.

¹ Environmental flow river reach

Figure 1.4 Number of river reaches and wetlands watered in the past 10 years

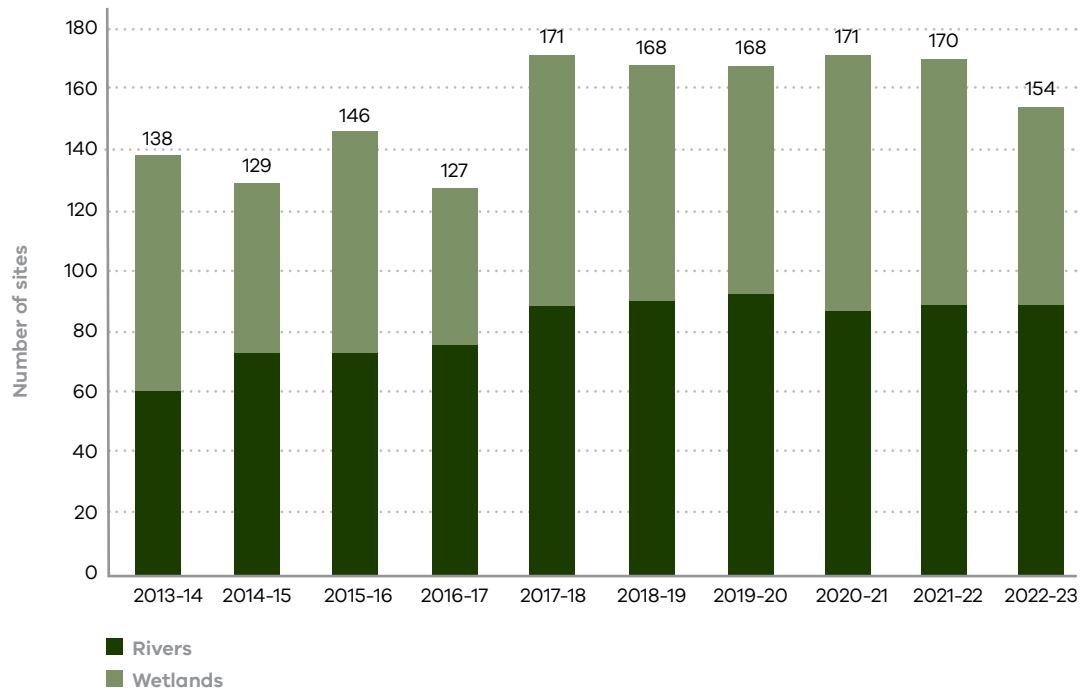


Table 1.2 compares selected water planning and delivery indicators from 2013-14 to 2022-23. Specific targets are not set for these indicators because the number required varies due to seasonal and operational conditions throughout the year.

SECTION ONE

Table 1.2 Comparison of watering performance over the past 10 years

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 ¹	2020-21	2021-22	2022-23
Potential watering actions										
Number of actions and as percentage of total number of actions identified										
Total no. of actions identified	222	243	258	266	283	301	278	286	309	294
Total no. of actions required	N/a ²	232	226	255	263	242	214	211	265	265
Actions fully achieved (number and percent of total)	91 41%	136 58.6% ² (56%)	136 60.2% ² (52.7%)	207 81% ² (79%)	195 74% ² (69%)	188 78% ² (62%)	136 63% ² (49%)	148 70% ² (52%)	169 64% ² (55%)	203 76% ² (69%)
Actions partially achieved (number and percent of total)	90 41%	60 25.9% ² (25%)	35 15.5% ² (13.6%)	43 17% ² (16%)	46 17% ² (16%)	35 14% ² (12%)	51 24% ² (18%)	46 22% ² (16%)	73 27% ² (23%)	60 23% ² (20%)
Actions not achieved (number and percent of total)	41 18%	36 15.5% ² (19%)	55 24.3% ² (33.7%)	5 2% ² (5%)	22 8% ² (15%)	19 8% ² (26%)	27 13% ² (32%)	17 8% ² (32%)	23 9% ² (22%)	2 1% ² (11%)
Contribution of Water Holdings to fully and partially achieved watering actions										
Number of actions and as percentage of total number of fully or partially achieved actions										
Some or all of the watering action actively managed with water for the environment	147 81%	135 69%	135 79%	136 54%	189 78%	168 75%	151 81%	154 79%	184 76%	158 60%
Not actively managed with water for the environment ³	34 19%	61 31%	36 21%	114 45%	52 22%	55 25%	36 19%	40 21%	58 24%	105 40%
Other indicators										
Total number of river reaches and wetlands watered	145	129	146	127	171	168	168	171	170	154
Total number of seasonal watering statements and authorisations	95	59	64	52	48	54	61	55	58	43

- 1 VEWH is using a revised method to assess achievement of priority watering actions from 2019-20 onwards and therefore direct comparison with achievement of watering actions in previous years cannot be made.
- 2 The method used to calculate the percentage of achievement was changed in 2014-15 to exclude the potential watering actions that were not required. The updated method uses the number of actions required to calculate the percentage achievement. For example, in 2014-15, there were 232 actions required and the fully achieved percentage is 58.6 percent (136 achieved out of 232 required). The percentage achievement under the method used before 2014-15 is provided in brackets to allow comparison across all years, and percentages for actions 'not achieved' are inclusive of those not required. Total number of actions required was not calculated in 2013-14.
- 3 These could include potential watering actions where the site was being intentionally dried, or where the watering action was met by unregulated water, consumptive water, rainfall or water retained in rivers or wetlands from previous years.

Seasonal watering statements

The VEWH Commission approved 42 seasonal watering statements and one watering authorisation during 2022-23. The watering authorisations enabled the VEWH Office to order water made available by the VEWH, CEWH and the Living Murray program in the Murray River.

Variations to the seasonal watering plan

Variations to the seasonal watering plan are made to incorporate new knowledge or to address unforeseen circumstances (e.g. unplanned operational deliveries or unexpected biological events) that occur during the year. The VEWH Commission approved six variations to the *Seasonal Watering Plan 2022-23*:

- Section 5.2.3 Gunbower Creek and Forest – to enable a floodplain watering action that will have continuous delivery over the 2022-23 and 2023-24 water years (with the action split into 'Part A' (2022-23 delivery) and 'Part B' (2023-24 delivery))
- Section 5.2.6 Lower Murray wetlands – to enable more flexible timing for the delivery of water to lakes Powell and Carpul
- Section 5.2.6 Lower Murray wetlands – to alter the timing of deliveries for Catfish Billabong and Robertson Creek due to inability to install new infrastructure/temporary pumps in winter/spring 2022 when river levels were high
- Section 5.3 Ovens system – to enable later delivery of available water for the environment after natural flows met priority low flow requirements in summer
- Section 5.4.1 Goulburn River – to enable greater flexibility to deliver recession flows following river flooding, to minimise channel erosion risks
- Section 5.5.1 Upper Broken Creek – to enable a higher magnitude of low flow to be delivered over summer and autumn to manage water quality following flooding in spring.

The seasonal watering plan, current seasonal watering statements, environmental watering updates and other news are available from vewh.vic.gov.au. Anyone interested in receiving an update can email general.enquiries@vewh.vic.gov.au. Information on environmental watering activities undertaken in Victoria and the associated outcomes is also available on the website.

Changes to entitlements

At 30 June 2023, the VEWH Water Holdings comprised 23 bulk or environmental entitlements and 107 water shares. The total long-term average annual yield of the Water Holdings is approximately 667,000 ML¹. Water availability under these entitlements varies and may be greater or less than 667,000 ML in any given year.

Various changes were made during 2022-23 to the high and low reliability share volumes available under the following three entitlements to reflect the final reconciliation of water recovery from the [GMW Connections Project](#). The affected entitlements and changes to long-term average annual yields of the VEWH's Water Holdings are:

- *Bulk Entitlement (River Murray Flora and Fauna) Conversion Order 1999* (1,149 ML decrease to long-term average annual yield)
- *Goulburn River Environmental Entitlement 2010* (125 ML decrease to long-term average annual yield)
- *Campaspe River Environmental Entitlement 2013* (1,009 ML increase to long-term average annual yield)

Copies of the VEWH's bulk and environmental entitlements and amendments are available from the Victorian Water Register (waterregister.vic.gov.au).

¹ During 2022-23 the VEWH reviewed its method of calculating long-term average water availability using the long-term equivalent factors published by [DEECA](#).

SECTION ONE



Water availability and use

The VEWH had access to a total of 1,589,626 ML of water allocation in 2022-23. The volume included:

- water carried over by the VEWH and the Living Murray program from 2021-22, less the water lost to spill from spillable water accounts during 2022-23
- allocations and water made available to the VEWH and the Living Murray program in 2022-23
- water made available by the CEWH
- return flow recredits
- water donations received and water purchased.

The reported volume that was accessible to the VEWH in 2022-23 does not include water that was made available for the Snowy River water recovery project, which is reported within the trade sub-heading below.

In total, 620,593 ML¹ of water for the environment was delivered in Victoria in 2022-23. The volume includes:

- 147,971 ML of water made available by the VEWH
- 334,941 ML of water made available by the CEWH²
- 137,681 ML made available by the Living Murray program.

The VEWH receives allocations against its entitlements progressively throughout the year, which influences patterns of use. Some of the water that was available during 2022-23 was deliberately prioritised for carryover to support priority watering actions early in 2023-24. Other water that was available in 2022-23 was not used or carried over because:

- it was received too late to support required watering actions (noting that many high-volume watering demands occur in winter and spring)
- wet conditions met many or all of the required watering actions for the year
- it was made available for commercial trade (see trade sub-heading below)
- it was lost to system spills or evaporation during the year.

All unused water from 2022-23 was carried over (subject to entitlement conditions) for use in 2023-24 or beyond (see page 29 for more discussion of carryover).

Table 1.3 compares net water availability and delivery across Victoria for 2013-14 to 2022-23.

1. The total delivered does not include VEWH water delivered to the Snowy River by the New South Wales Department of Industry between 1 May 2022 and 30 April 2023. The total delivered includes water delivered by the CEWH in the Wimmera system under a supply agreement between the CEWH and GWMWater.

2. A reporting error exists in the Annual Report 2021-22, whereby 92 ML in the Ovens system was incorrectly reported as used by CEWH rather than VEWH. This affects the total volumes for VEWH and CEWH on page 27 of the Annual Report 2021-22. The volumes should read 304,251 ML (VEWH) and 591,314 ML (CEWH). This does not impact the reported total volume of water delivered that year.

Table 1.3 Water availability and delivery by region and for the state from 2013-14 to 2022-23

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total volume available (ML)										
Gippsland region ¹	48,124	52,219	48,081	53,648	73,186	62,905	80,700	85,675	89,110	103,483
Central region	63,133	56,732	40,182	56,176	50,554	39,245	45,310	61,758	69,879	58,347
Western region	60,401	45,347	16,373	53,582	79,126	58,503	49,771	49,666	59,007	110,691
Northern region ²	933,883	840,247	999,130	882,239	1,179,141	911,540	991,234	991,469	1,307,982	1,317,105
Total Victoria³	1,105,541	994,545	1,103,766	1,045,645	1,382,007	1,072,193	1,167,015	1,188,568	1,525,978	1,589,626
Total volume delivered (ML)										
Gippsland region ¹	27,351	28,872	28,797	20,637	45,180	33,325	34,696	28,609	19,350	31,281
Central region	21,780	34,102	12,125	27,841	31,426	21,721	9,773	14,729	33,885	12,481
Western region ^{4,5}	30,004	33,720	8,112	13,585	39,664	34,162	24,641	18,431	27,207	20,491
Northern region ⁵	730,543	549,073	640,498	644,405	802,830	457,421	822,679	592,816	913,819	556,340
Total Victoria³	809,678	645,767	689,532	706,468	919,100	546,629	891,789	654,585	994,260	620,593

Tables 1.4, 1.5, 1.6 and 1.7 summarise the water availability and use under the VEWH entitlements in 2022-23 in the Gippsland, central, western and northern regions. Water account summaries are not included for the *Latrobe River Environmental Entitlement 2010* and the *Barwon River Environmental Entitlement 2011* because they are rules-based entitlements that allow access to unregulated end-of-system flows that do not need to be accounted for. The water account summaries do not report volumes of passing flows released by storage managers under VEWH entitlements unless the VEWH uses entitlement provisions to instruct the storage manager regarding the passing flow releases, this includes cases where flexible passing flow provisions are in entitlements that are not held by the VEWH.

Further commentary on changes to VEWH entitlements, water availability and carryover and trade of water allocation is provided in this annual report to accompany the tables.

1. Does not include allocation to entitlements as part of the Snowy River water recovery project or water delivered to the Snowy River in New South Wales.

2. Includes allocation to entitlements as part of the Snowy River Water reserve between 2013-14 and 2019-20.

3. Total volumes are calculated based on data reported to one decimal place, therefore slight discrepancies due to rounding may occur when adding values in this table.

4. Reported volumes from 2013-14 to 2017-18 include the delivery of water to wetlands supplied by GWMWater via the Wimmera-Mallee Pipeline Supply System 5.

5. Includes water delivered by the CEWH in the Wimmera River in 2017-18, 2018-19, 2019-20 and 2022-23 and in the Ovens River from 2013-14 to 2017-18.

SECTION ONE

Return flows

In some systems, water for the environment delivered through upstream sites can be re-credited to environmental water holders for use at downstream sites. The water re-credited to VEWH accounts is called return flows and helps ensure water for the environment is used efficiently and effectively to optimise environmental benefits. The VEWH's access to return flows is enabled through rules in its environmental entitlements, including entitlements held in trust for the Living Murray program. Use of return flows is also available to the CEWH when the VEWH delivers water on the CEWH's behalf.

In 2022-23 environmental water holders were recredited 490,904 ML in the Murray system from deliveries through upstream sites. Some of the recredits were from deliveries made in June 2022 which were re-credited in July 2023. The recredits derived from specific systems were:

- 232,856 ML from the Goulburn River
- 89,217 ML from Murray River upstream of Barmah Choke
- 57,175 ML from the lower Darling River
- 39,245 ML from lower Broken Creek
- 33,003 ML from Gunbower Forest
- 21,292 ML from Hattah Lakes
- 11,137 ML from the Campaspe River
- 6,979 ML from the Loddon River.

Return flows were used at the following sites to support environmental outcomes:

- 5,274 ML was used at Hattah Lakes
- 3,389 ML was used in the central Murray wetlands
- 20 ML was used in Pyramid Creek
- the remaining volume of return flows continued to flow to South Australia (see administrative transfers on page 30).

Carryover

Subject to conditions described in each environmental entitlement, the VEWH is able to carryover unused water from one year to support watering actions in subsequent years. Carryover provides flexibility and enables water for the environment to be delivered when it is of the greatest value to the environment. For example, carryover can help ensure environmental water holders meet high winter and spring demands when there is a risk of low allocations to entitlements at the beginning of the water year. Carryover can also be used to set water aside to maintain key refuge areas and avoid catastrophic events in drought periods.

At the end of 2022-23, 717,015 ML of water for the environment remained available to the VEWH. This represents 45 percent of the water available to the VEWH last year. The total carryover volume is comprised of the following Water Holdings:

- 197,580 ML available under the Victorian share of the Barmah-Millewa Environmental Water Allocation in the Murray system; this volume will be available to VEWH in 2023-24 if high-reliability water shares in the Murray system reach 100 percent in 2023-24.
- 67,950 ML of River Murray Increased Flows Allocation and 293,851 ML held on behalf of the Living Murray program; both of these require joint decision-making with other environmental water holders over access and use.
- 21,725 ML of Commonwealth Environmental Water held in the Wimmera system.
- 135,909 ML in other VEWH accounts across Victoria that will be available for use in 2023-24 or future years, subject to entitlement conditions (for example, potential loss to storage spills).

Trade

Water trading allows the VEWH to move water to the systems where it is most needed and to manage some of the variability in water availability across systems and across years.

Two general types of trade are undertaken by the VEWH – administrative transfers and commercial allocation trade.

Administrative transfers are the most common trades the VEWH undertakes. Administrative transfers have no financial consideration aside from administration fees that may be charged by a water corporation. The VEWH undertakes the following types of administrative transfers:

- Transfers of allocation to make water available in water accounts held in different parts of a system to facilitate watering actions or optimise carryover. These transfers provide the VEWH with an opportunity to manage the VEWH portfolio throughout the season and can assist in achieving the highest-priority watering actions across multiple catchments.
- Transfers with other environmental water holders to facilitate delivery in Victoria, to return unused water to other water holders, or transfers to non-Victorian accounts when instructed by other water holders.
- Transfers to make water available to the Snowy River system under the Snowy River water recovery project.
- Transfers of water to the VEWH that is privately owned or held by other entities.

The VEWH can also buy or sell water where it is in line with its statutory objectives: essentially if it optimises environmental outcomes in Victorian waterways. This means that the VEWH can sell water to buy water in a different system or in a later year, or to invest in knowledge, capability, adaptive/risk management, or complementary works and measures, where these projects optimise environmental watering outcomes for enduring benefit. The VEWH consults with DEECA where these projects have government policy or program implications.

Commercial water allocation trades (selling and purchasing water allocation) are made by the VEWH following an assessment of environmental water demand and supply. In the past, allocation has been primarily sold when all foreseeable priority water demands have been able to be met. However, decisions may also be made about forgoing watering actions to sell water allocation, if use of the resulting revenue will optimise environmental watering outcomes, particularly for enduring benefit.

Administrative transfers of VEWH allocation and the Living Murray allocation held by VEWH

The VEWH completed several transfers of allocation during 2022-23 including:

- water transferred from the Goulburn to meet environmental watering demands in the Loddon Broken systems
- transfers of the VEWH allocation to minimise the risk of carryover spill.

Administrative transfers with other environmental water holders

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

When water held by the CEWH is required for delivery in Victoria, the CEWH transfers the agreed amount to the VEWH until it is used or transferred back.

Water transfers between environmental water holders occur to:

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

SECTION ONE

- return unused water
- account for delivery of environmental water to South Australia.

In 2022-23, the following transfers with other environmental water holders occurred:

- a net volume of 382,700 ML of environmental water held by the CEWH was transferred into the VEWH's accounts in northern Victorian systems. The water was used for watering actions in the Murray, Ovens, Goulburn, Broken, Campaspe and Loddon systems and associated return flows were traded to South Australia
- 482,221 ML of return flows was transferred from VEWH accounts to South Australia for use in the South Australian Murray system (for example, in the Lower Lakes, Coorong and Murray Mouth); of the return flows recredited, 328,778 ML was Commonwealth environmental water, 113,616 was the Living Murray program water and 39,827 ML was VEWH water.

Administrative transfers as part of the Snowy River water recovery project

Water that was recovered in the Murray, Goulburn and Loddon systems under the Snowy Water Initiative is made available each year for improving the health of the Snowy River and the Murray River. This water is made available for environmental flows in the Snowy River and Murray River via a substitution method whereby water for the environment held in VEWH accounts in northern Victoria replaces water that was earmarked for transfer from the Snowy to the Murray system to support consumptive water demands. The equivalent volume of water is set aside in the Snowy system, a portion of which becomes available for delivery of environmental flows to the Snowy River. The other portion is accumulated in the Snowy system and may become available to deliver environmental flows in the Murray system after it is released from the Snowy scheme to Murray system storages. Trade is the mechanism used to account for this substitution. Table 1.8 summarises the water availability and transfers made toward the Snowy River water recovery project in 2022-23.

In 2022-23, the VEWH transferred 115,939 ML to the Snowy inter-valley transfer account. The subtotals transferred from each system were as follows:

- Murray system – 50,888 ML
- Goulburn system – 64,581 ML
- Loddon system – 470 ML.

Other types of administrative transfers

The Taungurung Land and Waters Council (Aboriginal Corporation) (TLaWC) transferred 36 ML of water allocation to the VEWH for delivery in the Ovens system (King River) for environmental and cultural outcomes.

The VEWH also received water donations from private landowners including:

- 56 ML in the Ovens system (King River)
- 19 ML in the Murray system.

Commercial allocation trade

The VEWH sold 45,000 ML of allocation from the Murray and Goulburn systems in 2022-23. The decision to sell was made by the VEWH Commission on 7 December 2022. The water was sold in staged parcels throughout January to May 2023 and generated net revenue of \$630,939 after transaction costs.

The VEWH purchased 321.9 ML from diversion licence holders in the Maribyrnong system in May 2023 for \$25,643. The VEWH does not hold an entitlement in the Maribyrnong system and Melbourne Water identified willing sellers via an expression of interest invitation. The purchased water was used to deliver low flows in the Maribyrnong River.

The VEWH purchased 600 ML of allocation from private water holders in the Broken system during April and May 2023 for \$16,012 including transaction fees (see Case Study 4, page 32).

Case Study 4:

Allocation purchase in the Broken system

During April and May 2023, the VEWH purchased 600 ML of water allocation in the Broken system to meet a critical environmental watering need.

Despite it being a wet year with high system inflows, water entitlements held by the VEWH and CEWH in the Broken system were insufficient to meet environmental watering demands. Restrictions on water movement into the Broken system meant VEWH was not able to transfer water into the Broken system from elsewhere and therefore the VEWH pursued a commercial trade solution.

Purchasing water allocation is one of the tools the VEWH can use to effectively manage water for the environment and can be used where deficits exist for critical environmental needs. In undertaking any water trading, the VEWH aims to avoid negatively impacting on other market participants, while ensuring environmental outcomes are achieved.

The purchased water was used to maintain a low flow of 15 ML/day in the Broken River downstream of Lake Nillahcootie, helping maintain instream habitat for native fish, invertebrates, platypus and aquatic plants. Without the purchased water allocation, the supply to the system would not have been enough to support this habitat.

It is only the second time the VEWH has purchased water in northern Victoria – in 2013-14, 300 ML allocation was purchased in the Loddon system to deliver a key spring flow for native fish.

The potential to purchase water allocation for the Broken system was identified in the VEWH's water trading allocation strategy 2022-23. The strategy covers commercial water allocation trade (selling and purchasing water allocation), and administrative water transfers ('internal' transfers of VEWH allocation or transfers between the VEWH and other water holders).

"The ability to trade water gives us flexibility to help smooth out environmental water supply and demand which can vary considerably across systems. This flexibility helps us achieve the best environmental outcomes we can with the water we hold across the state," VEWH CEO, Dr Sarina Loo, said.



Table 1.4 VEWH water account summary in the Gippsland region in 2022-23, volume in ML

VEWH Water Holdings 2022-23 – Gippsland region ¹												
Seasonal watering plan system	Entitlement	Reliability/ category	Entitlement volume or share of inflows at 30 June 2023	Carryover from 2021-22	Allocation	Share of inflow	Net trade	Adjustments ²	Total available water	Water use	Spill of available water	Closing balance
				A	B	C	D	E	F = A+B+C+D+E	G	H	I = F+G+H
Latrobe	Blue Rock Environmental Entitlement 2013	Share of inflows	9.45% inflows	18,740.3	0.0	400.1	0.0	-401.8	18,738.6	0.0	0.0	18,738.6
Thomson	Bulk Entitlement (Thomson River – Environment) Order 2005	High and share of inflows	10,000.0 ML + 3.9% inflows	23,039.0	10,000.0	14,715.0	0.0	0.0	47,754.0	-18,160.0	-25,521.0	4,073.0
Macalister	Macalister River Environmental Entitlement 2010	High	12,460.9	12,070.9	12,460.9	0.0	0.0	0.0	24,531.8	-12,460.9	-12,070.9	0.0
		Low	6,229.5	6,229.5	6,229.5	0.0	0.0	0.0	12,459.0	-660.1	-6,229.5	5,569.4
GIPPSLAND REGION TOTAL				60,079.7	28,690.4	15,115.1	0.0	-401.8	103,483.4	-31,281.0	-43,821.4	28,381.0

1. Closing balance and region totals are calculated based on data reported to three decimal places, therefore slight discrepancies due to rounding may occur when adding values in this table.

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

Table 1.5 VEWH water account summary in the central region in 2022-23, volume in ML

VEWH Water Holdings 2022-23 – central region ¹													
Seasonal watering plan system	Entitlement	Reliability / category	Entitlement volume at 30 June 2023	Carryover from 2021-22	Allocation	Share of inflows	Allocation purchase	Adjustment ²	Total available water	Water use	Spill of available water	Evaporation deduction	Closing balance
				A	B	C	D	E	F = A+B+C +D+E	G	H	I	J = G+H+I
Yarra	Yarra Environmental Entitlement 2006	High	17,000.0	24,688.0	0.0	17,000.0	0.0	0.0	41,688.0	-7,008.0	-23,266.0	0.0	11,414.0
Tarago	Tarago and Bunyip Rivers Environmental Entitlement 2009	Share of inflows	10.3% inflows	3,000.0	0.0	74.0	0.0	77.0	3,151.0	-151.0	0.0	0.0	3,000.0
Maribyrnong	Take and use licence	N/a	N/a	0.0	0.0	0.0	321.9	0.0	321.9	-321.9	0.0	0.0	0.0
Werribee	Werribee River Environmental Entitlement 2011	Share of inflows	10% inflows	1,364.5	0.0	1,113.4	0.0	111.4	2,589.3	-940.0	-1,117.3	0.0	532.0
	VEWH water shares	High	734.1	0.0	734.1	0.0	0.0	0.0	734.1	-734.1	0.0	0.0	0.0
		Low	360.8	257.5	103.3	0.0	0.0	0.0	360.8	-289.9	0.0	-10.6	60.3
Moorabool	Moorabool River Environmental Entitlement 2010	Share of inflows	11.9% inflows	4,608.6	0.0	1,589.1	0.0	1,139.7	7,337.3	-2,500.0	0.0	0.0	4,837.3
Barwon	Upper Barwon River Environmental Entitlement 2018	Share of inflows	3.8% inflows	2,000.0	0.0	164.7	0.0	0.0	2,164.7	-535.8	0.0	0.0	1,628.9
CENTRAL REGION TOTAL				35,918.6	837.4	19,941.2	321.9	1,328.1	58,347.1	-12,480.7	-24,383.3	-10.6	21,472.5

1. Closing balance and region totals are calculated based on data reported to three decimal places, therefore slight discrepancies due to rounding may occur when adding values in this table.

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





Table 1.6 VEWH water account summary in the western region in 2022-23, volume in ML

VEWH Water Holdings 2022-23 – western region ¹												
Seasonal watering plan system	Entitlement	Reliability / category	Entitlement volume at 30 June 2023	Carryover from 2021-22	Carryover lost to spill	Allocation	Allocation purchase	Total available water	Water use	Spill of available water	Evaporation deduction	Closing balance
				A	B	C	D	E = A+B+C+D	F	G	H	I = E+F+G+H
Glenelg & Wimmera	Wimmera and Glenelg Rivers Environmental Entitlement 2010	High	40,560.0	24,572.6	0.0	40,560.0	0.0	65,132.6	-10,589.0	0.0	-8,181.5	46,362.1
		Passing flow	0.0	662.1	0.0	14,001.0	0.0	14,663.1	-7,345.5	-3,271.1	0.0	4,046.5
		Purchased allocation	0.0	1,589.7	0.0	0.0	0.0	1,589.7	0.0	0.0	-238.4	1,351.2
	CEWH entitlement	Low	28,000.0	0.0	0.0	28,000.0	0.0	28,000.0	-2,441.1	0.0	-3,833.8	21,725.1
Wimmera-Mallee wetlands	Wimmera and Glenelg Rivers Environmental Entitlement 2010	Wimmera-Mallee wetlands high reliability ²	1,000.0	305.2	0.0	1,000.0	0.0	1,305.2	-115.5	0.0	-178.5	1,011.3
WESTERN REGION TOTAL			69,560.0	27,129.6	0.0	83,561.0	0.0	110,690.6	-20,491.1	-3,271.1	-12,432.2	74,496.1

1. Closing balance and region totals are calculated based on data reported to three decimal places, therefore slight discrepancies due to rounding may occur when adding values in this table.

2. The reliability of the Wimmera wetland entitlement is lower than the Wimmera Regulated entitlement, but is still 'high-reliability' compared to other entitlements in the Wimmera.

Table 1.7 VEWH water account summary in the northern region in 2022-23, volume in ML

VEWH Water Holdings 2022-23 – northern region ¹																				
Entitlement	Holder	Reliability / category	Entitlement at 30 June 2023	Carryover from 2021-22	Carryover lost to spill	Allocation	Return flows	Net administrative transfers	Donations	Allocation purchase	Adjustments	Total available water	Water use	Water use adjustment	Spill of available water	Allocation loss or forfeiture	Allocation sale	Evaporation deduction	Closing balance	
				A	B	C	D	E	F	G	H	I=A+B+C +D+E+F+ G+H	J	K	L	M	N	O	P=I+J+ K+L+M +N+O	
Victorian Murray system																				
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999	TLM	High	9,589.0	7,396.3	-1,686.3	9,589.0	0.0	0.0	0.0	0.0	0.0	15,299.0	-7,675.8	0.0	0.0	0.0	0.0	-95.7	7,527.5	
	TLM	Low	101,849.9	101,849.9	0.0	101,849.9	113,615.9	-113,615.9	0.0	0.0	0.0	203,699.8	-58,196.0	0.0	-58,653.9	0.0	0.0	0.0	0.0	86,849.9
	TLM	Unregulated	34,300.0	0.0	0.0	34,300.0	0.0	0.0	0.0	0.0	0.0	34,300.0	-34,300.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	VEWH	High	45,571.2	235.6	-235.6	45,571.2	377,287.8	-325,529.4	19.0	0.0	0.0	97,348.6	-58,469.6	-115.4	0.0	0.0	-29,067.5	-484.8	9,211.3	
	VEWH	Low	5,860.1	5,567.1	-5,567.1	5,860.1	0.0	86,378.1	0.0	0.0	0.0	92,238.2	-83,215.5	0.0	0.0	-0.1	-3,162.5	-293.0	5,567.1	
	VEWH	BM EWA High	50,000.0	197,837.5	-72,837.5	50,000.0	0.0	0.0	0.0	0.0	0.0	200,000.0	0.0	0.0	0.0	0.0	0.0	0.0	-2,420.0	197,580.0
	VEWH	BM EWA low	25,000.0			25,000.0	0.0	0.0	0.0	0.0	0.0		0.0	0.0						
	VEWH	Unregulated	49,000.0	0.0	0.0	26,791.9	0.0	0.0	0.0	0.0	0.0	26,791.9	-26,791.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	VEWH	RMIF	0.0	56,000.0	0.0	19,500.0	0.0	0.0	0.0	0.0	0.0	75,500.0	-5,000.0	0.0	0.0	0.0	0.0	0.0	-2,550.0	67,950.0
Environmental Entitlement (River Murray - NVIRP Stage 1) 2012 ²	VEWH	High	1,207.0	1,146.7	-527.8	588.1	0.0	0.0	0.0	0.0	0.0	1,207.0	0.0	0.0	0.0	0.0	0.0	0.0	-60.4	1,146.7
Water shares	TLM	High	12,266.9	1,420.3	-1,420.3	12,266.9	0.0	0.0	0.0	0.0	0.0	12,266.9	0.0	0.0	0.0	0.0	0.0	0.0	-613.3	11,653.6

1. Closing balance and region totals are calculated based on data reported to three decimal places, therefore slight discrepancies due to rounding may occur when adding values in this table.

2. Entitlement volume may vary annually based on annual independent audit of water recovery under the GMW Connections project.





Table 1.7 VEWH water account summary in the northern region in 2022-23, volume in ML

VEWH Water Holdings 2022-23 – northern region ¹																			
Entitlement	Holder	Reliability / category	Entitlement at 30 June 2023	Carryover from 2021-22	Carryover lost to spill	Allocation	Return flows	Net administrative transfers	Donations	Allocation purchase	Adjustments	Total available water	Water use	Water use adjustment	Spill of available water	Allocation loss or forfeiture	Allocation sale	Evaporation deduction	Closing balance
				A	B	C	D	E	F	G	H	I=A+B+C+D+E+F+G+H	J	K	L	M	N	O	P=I+J+K+L+M+N+O
Ovens system																			
Ovens system water use registration	VEWH	N/a	0.0	0.0	0.0	0.0	0.0	73.0	0.0	0.0	0.0	73.0	-73.0	0.0	0.0	0.0	0.0	0.0	0.0
King system water use registration	VEWH	N/a	0.0	0.0	0.0	0.0	0.0	50.0	92.0	0.0	0.0	142.0	-142.0	0.0	0.0	0.0	0.0	0.0	0.0
Goulburn system																			
Environmental Entitlement (Goulburn System - Living Murray) 2007	TLM	High	39,625.0	19,173.6	-9.6	39,625.0	0.0	0.0	0.0	0.0	0.0	58,789.0	-37,509.5	0.0	0.0	0.0	0.0	-105.8	21,173.7
	TLM	Low	156,980.0	11,480.4	-11,480.4	156,980.0	0.0	0.0	0.0	0.0	0.0	156,980.0	0.0	0.0	0.0	0.0	0.0	-789.0	156,191.0
Environmental Entitlement (Goulburn System - NVIRP Stage 1) 2012 ²	VEWH	High	73.0	69.4	-28.9	32.5	0.0	0.0	0.0	0.0	0.0	73.0	0.0	0.0	0.0	0.0	0.0	-3.7	69.4
Goulburn River Environmental Entitlement 2010	VEWH	High	24,991.8	6,713.9	-6,713.9	24,991.8	0.0	5,766.0	0.0	0.0	0.0	30,757.8	-16,064.1	456.5	0.0	-1,458.9	-12,770.0	-46.1	875.2
	VEWH	Low	5,791.8	5,502.1	-5,502.1	5,791.8	0.0	249,697.4	0.0	0.0	0.0	255,489.2	-197,271.1	546.6	0.0	-52,973.0	0.0	-289.6	5,502.1
Water shares	TLM	High	5,559.0	0.1	-0.1	5,559.0	0.0	0.0	0.0	0.0	0.0	5,559.0	0.0	0.0	0.0	0.0	0.0	-278.0	5,281.1
Broken system																			
Water shares	VEWH	High	90.0	29.8	0.0	60.2	0.0	2,939.0	0.0	600.0	0.0	3,629.0	-3,629.0	0.0	0.0	0.0	0.0	0.0	0.0
	VEWH	Low	18.9	0.0	0.0	18.9	0.0	0.0	0.0	0.0	0.0	18.9	-18.9	0.0	0.0	0.0	0.0	0.0	0.0

1. Closing balance and region totals are calculated based on data reported to three decimal places, therefore slight discrepancies due to rounding may occur when adding values in this table.

2. Entitlement volume may vary annually based on annual independent audit of water recovery under the GMW Connections project.

Table 1.7 VEWH water account summary in the northern region in 2022-23, volume in ML

VEWH Water Holdings 2022-23 – northern region ¹																			
Entitlement	Holder	Reliability / category	Entitlement at 30 June 2023	Carryover from 2021-22	Carryover lost to spill	Allocation	Return flows	Net administrative transfers	Donations	Allocation purchase	Adjustments	Total available water	Water use	Water use adjustment	Spill of available water	Allocation loss or forfeiture	Allocation sale	Evaporation deduction	Closing balance
				A	B	C	D	E	F	G	H	I=A+B+C+D+E+F+G+H	J	K	L	M	N	O	P=I+J+K+L+M+N+O
Campaspe system																			
Campaspe River Environmental Entitlement 2013	VEWH	High	19,199.4	3,383.4	-3,383.4	19,199.4	0.0	-8,928.0	0.0	0.0	0.0	10,271.4	-7,366.7	0.0	0.0	0.0	0.0	-145.2	2,759.5
	VEWH	Low	4,394.0	0.0	0.0	4,394.0	0.0	0.0	0.0	0.0	0.0	4,394.0	-4,394.0	0.0	0.0	0.0	0.0	0.0	0.0
	VEWH	Provision	1,656.0	0.0	0.0	1,656.0	0.0	0.0	0.0	0.0	0.0	1,656.0	-1,656.0	0.0	0.0	0.0	0.0	0.0	0.0
Environmental Entitlement (Campaspe River - Living Murray Initiative) 2007	TLM	High	126.0	0.8	0.0	126.0	0.0	0.0	0.0	0.0	0.0	126.8	0.0	0.0	-0.8	0.0	0.0	0.0	126.0
	TLM	Low	5,048.0	0.0	0.0	5,048.0	0.0	0.0	0.0	0.0	0.0	5,048.0	0.0	0.0	0.0	0.0	0.0	0.0	5,048.0
Bulk Entitlement (Campaspe System - Coliban Water) Conversion Order 1999 ²	VEWH	Passing flow	0.0	461.9	0.0	888.0	0.0	0.0	0.0	0.0	0.0	1,349.9	-215.9	0.0	-538.0	0.0	0.0	-231	572.9
Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Order 2000 ²	VEWH	Passing flow	0.0	432.3	0.0	39.8	0.0	0.0	0.0	0.0	0.0	472.1	0.0	0.0	-434.2	0.0	0.0	-1.9	36.0

1. Closing balance and region totals are calculated based on data reported to three decimal places, therefore slight discrepancies due to rounding may occur when adding values in this table.

2. Campaspe River and Coliban River withheld passing flows are available to VEWH under the Bulk Entitlement (Campaspe System – Goulburn-Murray Water) Conversion Order 2000 and the Bulk Entitlement (Campaspe System – Coliban Water) Conversion Order 1999. Under the entitlements rules, passing flows may be reduced and withheld passing flow volumes released later. These rules allow flexibility which can help increase environmental outcomes without impacting other water users.



Table 1.7 VEWH water account summary in the northern region in 2022-23, volume in ML

VEWH Water Holdings 2022-23 – northern region ¹																			
Entitlement	Holder	Reliability / category	Entitlement at 30 June 2023	Carryover from 2021-22	Carryover lost to spill	Allocation	Return flows	Net administrative transfers	Donations	Allocation purchase	Adjustments	Total available water	Water use	Water use adjustment	Spill of available water	Allocation loss or forfeiture	Allocation sale	Evaporation deduction	Closing balance
				A	B	C	D	E	F	G	H	I=A+B+C+D+E+F+G+H	J	K	L	M	N	O	P=I+J+K+L+M+N+O
Loddon system																			
Bulk Entitlement (Loddon River - Environmental Reserve) Order 2005	VEWH	High	2,000.0	2,000.0	0.0	2,000.0	0.0	1,055.8	0.0	0.0	0.0	5,055.8	-1,607.8	0.0	-1,448.0	0.0	0.0	0.0	2,000.0
	VEWH	Low	2,024.0	0.7	0.0	2,024.0	0.0	3,356.0	0.0	0.0	0.0	5,380.7	-3,356.0	0.0	0.0	-0.7	0.0	0.0	2,024.0
	VEWH	Passing flow	0.0	777.7	0.0	348.5	0.0	0.0	0.0	0.0	0.0	1,126.2	-777.7	0.0	0.0	0.0	0.0	-17.4	331.1
	VEWH	Provision	8,970.0	0.0	0.0	9,372.6	0.0	-763.1	0.0	0.0	0.0	8,609.5	-8,609.5	0.0	0.0	0.0	0.0	0.0	0.0
	VEWH	Freshening Flows	828.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Environmental Entitlement (Birch Creek – Bullarook System) 2009	VEWH	Provision	100.0	100.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	200.0	0.0	0.0	-100.0	0.0	0.0	0.0	100.0
Environmental Entitlement (Goulburn System - NVIRP Stage 1) 2012	VEWH	High	1,818.0	1,727.1	-1,062.7	1,153.6	0.0	0.0	0.0	0.0	0.0	1,818.0	0.0	0.0	0.0	0.0	0.0	-90.9	1,727.1
Goulburn River Environmental Entitlement 2010	VEWH	High	1,434.0	385.2	-385.2	1,434.0	0.0	0.0	0.0	0.0	0.0	1,434.0	0.0	0.0	0.0	0.0	0.0	-71.7	1,362.3
NORTHERN REGION TOTAL			615,371.0	423,691.6	-110,840.7	612,160.1	490,903.7	-99,521.1	111.0	600.0	0.0	1,317,104.7	-556,340.0	887.7	-61,174.9	-54,432.7	-45,000.0	-8,379.4	592,665.3

¹ Closing balance and region totals are calculated based on data reported to three decimal places, therefore slight discrepancies due to rounding may occur when adding values in this table.

Table 1.8 VEWH water account summary for the Snowy Environmental Reserve in 2022-23, volume in ML

VEWH Water Holdings 2022-23– Snowy Environmental Reserve ¹										
River System	Entitlement	Reliability	Entitlement volume at 30 June 2023	Carryover from 2021-22	Carryover lost to spill	Allocation	Net transfer	Water available after transfer	Evaporation deduction	Closing balance
				A	B	C	D	E = A+B+C+D	F	G = E + F
Murray	Bulk Entitlement (River Murray - Snowy Environmental Reserve) Order 2004	High	29,794.0	0.0	0.0	29,794.0	-29,794.0	0.0	0.0	0.0
	Water shares	High	14,670.9	0.0	0.0	14,670.9	-14,670.9	0.0	0.0	0.0
		Low	6,423.4	1,708.6	-1,708.6	6,423.4	-6,423.4	0.0	0.0	0.0
Goulburn	Bulk Entitlement (Goulburn System – Snowy Environmental Reserve) Order 2004	High	30,252.0	0.0	0.0	30,252.0	-30,252.0	0.0	0.0	0.0
		Low	8,156.0	0.0	0.0	8,156.0	-8,156.0	0.0	0.0	0.0
	Water shares	High	8,320.9	0.1	-0.1	8,320.9	-8,320.9	0.0	0.0	0.0
		Low	17,852.0	0.0	0.0	17,852.0	-17,852.0	0.0	0.0	0.0
Loddon	Water shares	High	470.0	0.0	0.0	470.0	-470.0	0.0	0.0	0.0
SNOWY ENVIRONMENTAL RESERVE TOTAL			115,939.2	1,708.7	-1,708.7	115,939.2	-115,939.2	0.0	0.0	0.0

1. Closing balance and Snowy environmental reserve totals are calculated based on data reported to three decimal places, therefore slight discrepancies due to rounding may occur when adding values in this table.



SECTION ONE

1.5 Five-year financial summary

Table 1.9 below provides a financial summary for the VEWH operations in 2022-23.

Table 1.9 Financial summary

	2022-23 \$	2021-22 \$	2020-21 \$	2019-20 \$	2018-19 \$
Government contributions / grants ¹	9,832,822	10,365,161	9,759,974	10,197,454	8,329,997
Sale of water allocation ²	655,085	690,744	0	0	4,861,725
Interest	182,367	11,694	22,654	98,460	110,100
Other revenue	264,403	0	0	0	0
Total revenue	10,934,677	11,067,599	9,782,628	10,295,914	13,301,822
Environmental Water Holdings and transaction expenses	(6,076,244)	(6,912,631)	(6,468,094)	(7,172,254)	(6,541,731)
Grants	(579,650)	(262,316)	(4,690,425)	(514,723)	(2,729,804)
Employee benefits	(2,909,411)	(2,931,643)	(2,826,517)	(2,580,205)	(2,166,564)
Supplies and services	(856,999)	(646,819)	(834,858)	(869,949)	(1,161,710)
Total expenditure	(10,422,304)	(10,753,409)	(14,819,894)	(11,137,131)	(12,599,809)
Total assets³	6,173,571	6,643,219	5,706,071	10,373,730	12,114,915
Total liabilities	956,695	1,934,178	1,355,728	1,042,833	1,925,693

- Includes revenue from the Living Murray program or Commonwealth Environmental Water Holder, for entitlement charges and water delivery costs associated with delivery of their Water Holdings.
- The sale of water allocation is a variable and unreliable revenue source as it is dependent on the seasonal conditions and availability at a point in time.
- Environmental entitlements are issued by the Minister for Water under section 48B of the Water Act, through an order published in the Victoria Government Gazette. The VEWH has not recognised the environmental entitlements that have been gifted to it by the Victorian Government (or other Victorian Government entities) as an intangible asset due to the recognition and measurement criteria in the accounting standards and financial reporting directions.

1.6 Current year financial review

The VEWH's year-end position was an overall surplus of \$0.51 million. A deficit using carry forward funds was budgeted, however water delivery expenditure was again lower than anticipated due to continued wetter conditions, particularly in the north of Victoria. The final stage of the Koondrook Fishway project was completed, and the final cost was lower than budgeted resulting in \$0.25 million of unused grant funds being returned to the VEWH, and thus increasing 'other revenue'. The sale of water allocation generated \$0.66 million of revenue which also contributed to the surplus.

The sale of water allocation and lower delivery and carryover costs caused by wet conditions in 2022-23 resulted in funds being carried forward. This has allowed the VEWH to plan for the implementation of new policies and strategic investment and activities. Funding has been allocated to implementing the *Water is Life: Traditional Owner Access to Water Roadmap* policy by supporting Traditional Owner led seasonal watering plan trials (see Case Study 2, page 16).

In 2022-23 the VEWH used \$0.43 million of funds held in trust to pay its contribution to the Kinnairds Wetland connection and Wimmera refuge pools projects. This was funded by revenue received from sale of water allocation in prior years. These projects aim to allow water for the environment to be delivered more efficiently at critical times (see page 13). The VEWH also utilised trade revenue to purchase 600 ML of water allocation in the Broken system in 2022-23 to meet a critical environmental watering need (see Case Study 4, page 32).

Revenue from the sale of water allocation is held within the carry forward balance to invest in future water purchases to address high-priority shortfalls, strategic activities, knowledge, research, complementary works and measures or other priorities to improve management of the holdings and performance of Victoria's environmental watering program. Considering the variable nature of seasonal conditions and subsequent variable water delivery costs, trading revenue and expenditure, it is critical that the VEWH is able to carry forward funds for access in future years. The VEWH retains funds to manage inter-annual seasonal variability, to purchase future water allocation to meet priority watering actions in different systems or in different years and for multi-year projects.

While the Water Holdings are not recognised or accounted for as an asset for accounting purposes, the VEWH considers the Water Holdings to be significant and extremely valuable. Being intangible in nature, they have specific recognition and measurement requirements that need to be met before a value is included on the balance sheet. No accounting value has been recognised due to the historical reporting framework, acquisition method, water entitlement attributes and reliability of measurement. The full Water Holdings utilised by the VEWH in the delivery of its objectives are listed in section 1.4.

The VEWH's liabilities relate to provision for employee leave entitlements, and operating costs that have been incurred and need to be accrued at the end of the financial year. The reduction in liabilities between 2021-22 and 2022-23 is due to the wetter conditions resulting in lower delivery costs needing to be accrued.

1.7 Capital projects

The VEWH does not manage any capital projects.

1.8 Subsequent events

There were no events occurring after the balance date which may significantly affect the VEWH's operations in subsequent reporting periods.



Governance and organisational structure

2.1 Organisational structure

The VEWH reports directly to the Minister for Water.

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

For administrative efficiency, the VEWH also uses DEECA's systems and processes for provision of financial and human resource management services, information communication technology, and accommodation. This arrangement is formalised through a service level agreement.

Under section 33DS of the Water Act, the relevant Minister can give the VEWH written directions in relation to its functions, powers and duties. The Minister did not give the VEWH any written directions in 2022-23.

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

- (a) reporting and recording requirements
- (b) requirements as to the content and making of corporate plans, seasonal watering plans and seasonal watering statements, including how the VEWH is to prioritise seasonal watering proposals
- (c) matters the VEWH must have regard to in preparing corporate plans, seasonal watering plans and seasonal watering statements
- (d) requirements as to consultation to be undertaken by the VEWH with communities and stakeholders
- (e) information that must be made publicly available by the VEWH
- (f) trade by the VEWH.

Figure 2.1 Governance structure, as at 30 June 2023



SECTION TWO

2.2 Governing Commission

The VEWH Commissioners are appointed by Governor in Council, upon recommendation of the Minister for Water, under the Water Act. Commissioners must have knowledge or experience in one or more of the following fields – environmental management, sustainable water management, economics or public administration. The Commission is responsible for setting strategic direction, establishing goals, objectives and programs for executive management, and monitoring the business and performance of the CEO¹.

The VEWH is comprised of three part-time Commissioners. The Commissioners in 2022-23 were:

- **Professor Chris Chesterfield** (*Chairperson*)
Chris has over 30 years' experience in the Victorian water industry, primarily in waterway management. He was General Manager of the Waterways Group at Melbourne Water before joining Monash University where he is now a Professor at the Monash Sustainable Development Institute. He is also Chair of the Birrarung Council created under the Yarra River Protection Act (2017) as the 'voice of the Yarra River'.
- **Peta Maddy** (*Deputy Chairperson*)
Peta has a background in water policy and strategy setting, governance and water engineering. Peta is a non-executive director at Barwon Water (Chair, Audit Committee) and Barwon Asset Solutions (Chair Audit and Risk Committee). She is also an independent member of the Risk and Audit Committee at Surf Coast Shire Council. She is a past President of the Victorian branch of the Australian Water Association and was previously a non-executive director at Southern Rural Water (Chair, Asset Governance) and Grampians Wimmera Mallee Water (Chair of the inaugural Water Resources Committee). In 2018, she chaired the interdepartmental reference group for the Victorian Rural Drainage Strategy and was a member of the Victorian Catchment Management Council for six years. Peta has a Bachelor of Chemical Engineering (honours), a Bachelor of Science (Pharmacology and Toxicology) and is a Graduate of the Australian Institute of Company Directors. Peta is a member of VEWH's Risk and Audit Committee.
- **Jennifer Fraser** (*Commissioner*)
Jennifer has an extensive background in rural water management, governance, policy and legislation development, and in the application of natural resource management frameworks. Jennifer is currently also a member of the Victorian Marine and Coastal Council. Previously, she has been a director at the East Gippsland Catchment Management Authority, a sessional member of Planning Panels Victoria and for five years was the Chairperson of the Council of Medley Hall at the University of Melbourne – a small residential college supporting students from rural and or indigenous backgrounds. Past roles within government include Director of Groundwater and Licensing, Director of the Office for Youth and many years as a senior officer within the Department of Premier and Cabinet. Jennifer is a member of VEWH's Risk and Audit Committee.

The Commission's meeting schedule for 2022-23 has included seven ordinary meetings, one strategy meeting, and participation in out-of-session decisions on four additional occasions throughout the year.

All Commissioner appointments commenced on 1 July 2019 and conclude on 30 September 2023.

¹ Up to 22 May 2023, the VEWH Chief Executive Officer role was job shared by Sarina Loo and Beth Ashworth as Co-CEO's.

Table 2.1 VEWH Commission membership and meeting attendance 2022-23

Name	Term	Attended	Eligible to attend
Chris Chesterfield	1 July 2022 to 30 June 2023	7	7
Peta Maddy	1 July 2022 to 30 June 2023	7	7
Jennifer Fraser	1 July 2022 to 30 June 2023	7	7

2.3 Risk and Audit Committee membership and roles

In 2022-23, Risk and Audit Committee (RAC) members were:

- Vincent Philpott - Chairperson
- Beverley Excell
- Jennifer Fraser
- Peta Maddy.

The RAC is a formally appointed committee of the VEWH. In 2021-22, the VEWH was granted full exemption from the Standing Directions under the *Financial Management Act 1994*. The exemption applies on the basis that VEWH complies with the alternative DEECA Portfolio Financial Management Compliance Framework (PFMCF). Under the DEECA PFMCF, there is no requirement to establish an audit committee, however, the Commission may delegate some oversight and assurance responsibilities to an audit committee if considered appropriate. The VEWH has retained the RAC with a reduced scope to provide independent oversight and assurance in the areas of audit, financial and risk management.

Members are appointed by the VEWH Commission, usually for a three-year period and are subject to the RAC terms of reference. All RAC members are independent. Vincent Philpott and Beverly Excell are also external members. Meetings are held twice annually and at other times as required. In 2022-23, the committee met twice and participated in one out-of-session decision.

Table 2.2 Risk & Audit Committee membership and meeting attendance 2022-23

Name	Term	Attended	Eligible to attend
Vince Philpott, Chairperson	1 July 2022 to 30 June 2023	2	2
Beverley Excell	1 July 2022 to 30 June 2023	2	2
Jennifer Fraser	1 July 2022 to 30 June 2023	2	2
Peta Maddy	1 July 2022 to 30 June 2023	2	2



SECTION TWO

2.4 Occupational Health and Safety

The VEWH is committed to ensuring that all employees, contractors and visitors are provided with the use of facilities, equipment, education and training to minimise and prevent workplace injury and illness. All VEWH staff are required to complete a work centre safety and wellbeing induction. Occupational health and safety is a standing item in staff meetings.

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

The use of a common framework for managing specific workplace hazards is a critical part of the Office's strategy for managing health and safety. Hazards and incidents are reported through the DEECA POSSUM system. A full report on the hazards, incidents and performance for DEECA for the year is available from DEECA's *Annual Report 2022-23*.

Workforce data

3.1 Public sector values and employment principles

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

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

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

Valuing our people

The VEWH values its staff wellbeing and strives for a constructive workplace culture. In 2022-23, VEWH staff participated in the Victorian Public Service People Matter survey (see page 18 for a summary of the results). VEWH staff are represented by an internal People Committee. The main role of the People Committee is to work with the Executive Team and represent broader staff views in the development and implementation of the VEWH People Strategy (see page 18). The key objectives of the People Strategy are for the VEWH staff to:

- be proud of their work and passionate about what they do
- have a safe and healthy workplace environment
- have the confidence, skills and capacity to effectively and constructively do their work.

Diversity and inclusion

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 VEWH staff are employed through DEECA, the VEWH commits to abiding by DEECA's policies and procedures relating to diversity and inclusion and ensuring our workplace is safe and inclusive for our staff. Information on DEECA's diversity and inclusion policies and action plans is included in the *DEECA Annual Report 2022-23*.

The VEWH aligns with the flexible working policies of DEECA and sees working flexibility, such as working remotely, part-time arrangements, flexible start and finish times, compressed work weeks and job-sharing, as an important component of the desired workplace.

Also see Table 3.1 Workforce data on page 49.

Performance management

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

3.2 Comparative workforce data

On 30 June 2023, the VEWH employed 19 staff (18.8 Full Time Equivalent) compared with 22 staff (19.2 FTE) on 30 June 2022. There were three vacant positions on 30 June 2023.

Employees have been correctly classified in workforce data collections.

SECTION THREE

Table 3.1 Workforce data¹

Classification	2022-23		2021-22	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive Officers	1	1	2	1.2
Project Officers	18	17.8	20	18
Total	19	18.8	22	19.2

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

Other disclosures

4.1 Local Jobs First

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

In 2022-23, the VEWH did not enter into any contracts to which the Local Jobs First – VIPP and MPSG applies.

4.2 Government advertising and expenditure

In 2022-23, the VEWH had no government campaign expenditure.

4.3 Consultancy expenditure

The VEWH maintains a register of contracts, including consultancies.

Consultancies over \$10,000

In 2022-23, there were two consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022-23 in relation to these consultancies was \$43,154 (excl. GST) and is detailed in Table 4.1.

Table 4.1 Consultancies over \$10,000

Consultant	Purpose of the consultancy	Start date	End date	Total project fees approved (excl GST) \$	Total expenditure in 2022-23 (Excl GST) \$	Future expenditure (excl GST) \$
DG Consulting (Aus) Pty Ltd	Facilitation and preparation of reports for 2023 operational risk management workshops	23/12/22	26/04/23	26,579	26,579	nil
Innergise Pty Ltd	Facilitation and report for the southern Basin fish workshop	20/10/22	08/03/23	16,575	16,575	nil

Consultancies under \$10,000

In 2022-23, there were no consultancies where the total fees payable to the consultants were less than \$10,000.

SECTION FOUR

4.4 Information and Communication Technology expenditure

For the 2022-23 reporting period, the VEWH had a total Information and Communications Technology (ICT) expenditure of \$134,661 with the details shown in Table 4.2.

Table 4.2 ICT expenditure

All operational ICT expenditure - Business as Usual (BAU)	ICT expenditure relating to projects to create or enhance ICT capabilities - Non-Business as Usual	
	Operational expenditure	Capital expenditure
\$134,661	\$0	\$0

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

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

4.5 Major contracts

The VEWH did not enter into any contracts valued at \$10 million or more during 2022-23.

4.6 Freedom of information

The *Freedom of Information Act 1982* allows the public a right of access to documents held by government entities such as the VEWH. A person can make a Freedom of Information (FOI) request by writing to VEWH c/o the Freedom of Information Unit at the Department of Energy, Environment and Climate Action using the contact details below:

Freedom of Information Officer

Victorian Environmental Water Holder
c/o FOI Unit
Department of Energy, Environment and Climate Action
PO Box 500 EAST MELBOURNE VIC 8002
foi.unit@delwp.vic.gov.au

An application fee of \$31.80 applies and access charges may also be payable. Further information is available from the website of the Office of the Victorian Information Commissioner: <https://ovic.vic.gov.au/>

For the 12 months ending 30 June 2023 there were no requests received.

4.7 Building Act 1993

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

4.8 Competitive Neutrality Policy

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

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

4.9 Public Interest Disclosures Act 2012

Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosure Act 2012* (PID Act) enables people to make disclosures about corrupt or improper conduct by a public officer or a public body. The VEWH is a 'public body' for the purposes of the PID Act.

What is a 'Public Interest Disclosure'?

A public interest disclosure is a complaint of corrupt or improper conduct or detrimental action by a public officer or a public body.

'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption.

'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

How do I make a 'Public Interest Disclosure'?

You can make a public interest disclosure about the VEWH or its Commission, officers or employees by contacting IBAC (details below).

The VEWH is **not** able to receive public interest disclosures.

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

<https://www.deeca.vic.gov.au/our-department/public-interest-disclosures>

Contacts

Public Interest Disclosure Coordinator

Department of Energy, Environment and Climate Action
PO Box 500
East Melbourne 8002
Telephone: 1800 903 877
Email: disclosures@delwp.vic.gov.au

or:

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

Level 1, North Tower,
459 Collins Street,
Melbourne Victoria 3000

Mail: GPO Box 24234, Melbourne, VIC 3001
Telephone: 1300 735 135

Website: www.ibac.vic.gov.au



SECTION FOUR

4.10 Compliance with the enabling legislation

Water Act

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

Public Administration Act

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

4.11 Environmental reporting

The VEWH office integrates environmental sustainability into its decision-making and through our service level agreement, operates within DEECA's Environmental Management System (EMS). The EMS reduces impact on the environment from office-based activities related to water, energy and paper consumption, waste production, transport and purchasing. Data on environmental impacts is included in DEECA's annual report.

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

4.12 Availability of other information

Additional information available on request

In compliance with the requirements of DEECA's Portfolio Financial Management Compliance Framework, details in respect of the items listed below have been retained by the VEWH and are available on request subject to provisions of the *Freedom of Information Act 1982*:

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

The information is available on request from:

Chief Executive Officer

Victorian Environmental Water Holder

Telephone: (03) 9637 8951

Email: general.enquiries@vewh.vic.gov.au

Information that is not applicable to the VEWH

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

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

4.13 Portfolio financial management compliance attestation

Victorian Environmental Water Holder Portfolio Financial Management Compliance Attestation Statement

I, Chris Chesterfield, on behalf of the Commission of the Victorian Environmental Water Holder, certify that the Victorian Environmental Water Holder has been granted a full exemption from the Standing Directions 2018 under the *Financial Management Act 1994*. This exemption has been granted by the Assistant Treasurer on the basis the Victorian Environmental Water Holder complies with the Department of Energy, Environment and Climate Action's Portfolio Financial Management Compliance Framework.



Chris Chesterfield
Chairperson
Victorian Environmental Water Holder
19 September 2023

Financial statements

- 30 June 2023

FINANCIAL STATEMENTS	PAGE
Chairperson's, Accountable Officer's and Chief Finance Officer's declaration	57
Comprehensive operating statement	58
Balance sheet	59
Cash flow statement	60
Statement of changes in equity	60

NOTES TO THE FINANCIAL STATEMENTS

1. About this report <i>The basis on which the financial statements have been prepared and compliance with reporting regulations</i>	61
2. Funding the delivery of our services <i>Income from grants and revenue from the sale of water allocation and other sources</i>	62
3. The cost of delivering services <i>Employee expenses and provisions, operating expenses and grants</i>	64
4. Other assets and liabilities <i>Working capital balances, and other assets and liabilities</i>	69
5. How we financed our operations <i>Cash and deposits, cash flow information, and commitments for expenditure</i>	72
6. Risk, contingencies and valuation judgements <i>Financial risk management, contingent assets and liabilities</i>	73
7. Other disclosures <i>Ex gratia expenses, responsible person and executive remuneration, related party disclosures, subsequent events and Australian Accounting Standards issued that are not yet effective</i>	75

SECTION FIVE

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

The attached financial statements for the Victorian Environmental Water Holder (VEWH) have been prepared in accordance with the Portfolio Financial Management Compliance Framework issued by the Department of Energy, Environment and Climate Action, the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, cash flow statement, statement of changes in equity and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and financial position of the VEWH at 30 June 2023.

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

We authorise the attached financial report for issue on 19 September 2023.



Chris Chesterfield
Chairperson
Victorian Environmental Water
Holder



Dr Sarina Loo
Chief Executive Officer
Victorian Environmental Water
Holder



Rowan Jennion
Chief Finance Officer
Victorian Environmental Water
Holder

Comprehensive operating statement For the financial year ended 30 June 2023

	Notes	2023 \$	2022 \$
Income and revenue from transactions			
Government grants	2.1	9,832,822	10,365,161
Sale of water allocation	2.1	655,085	690,744
Interest	2.1	182,367	11,694
Other	2.1	264,403	0
Total income and revenue from transactions		10,934,677	11,067,599
Expenses from transactions			
Employee expenses	3.1.1	(2,909,411)	(2,931,643)
Environmental Water Holdings and transaction expenses	3.2	(6,076,244)	(6,912,631)
Grants	3.3	(579,650)	(262,316)
Supplies and services	3.4	(856,999)	(646,819)
Total expenses from transactions		(10,422,304)	(10,753,409)
Net result from transactions (net operating balance)		512,373	314,190
Other economic flows			
Gain / (loss) from revaluation of long service liability	3.1.2(b)	(4,538)	44,508
Net result / Comprehensive result		507,835	358,698

This statement should be read in conjunction with the notes to the financial statements.

SECTION FIVE

Balance sheet As at 30 June 2023

	Notes	2023 \$	2022 \$
Assets			
Financial assets			
Cash and deposits	5.1	5,150,440	4,848,868
Receivables	4.1	1,021,999	1,784,699
Total financial assets		6,172,439	6,633,567
Non-financial assets			
Prepayments	4.2	1,132	9,652
Total non-financial assets		1,132	9,652
Total assets		6,173,571	6,643,219
Liabilities			
Payables	4.4	192,007	1,103,527
Employee related provisions	3.1.2	764,688	830,651
Total liabilities		956,695	1,934,178
Net assets		5,216,876	4,709,041
Equity			
Accumulated surplus		5,216,876	4,709,041
Net worth		5,216,876	4,709,041

This statement should be read in conjunction with the notes to the financial statements.

Cash flow statement

For the financial year ended 30 June 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts			
Receipts from government		10,874,417	10,189,576
Receipts from other entities		655,085	690,744
Interest received		182,367	11,694
Net GST received / (paid) to the ATO		45,332	15,118
Total receipts		11,757,201	10,907,132
Payments			
Payments to suppliers and employees		(10,875,979)	(9,868,982)
Payments of grant expenses		(579,650)	(262,316)
Total payments		(11,455,629)	(10,131,298)
Net cash flows from / (used in) operating activities	5.1.1	301,572	775,834
Net increase / (decrease) in cash and cash equivalents		301,572	775,834
Cash and cash equivalents at the beginning of the financial year		4,848,868	4,073,034
Cash and cash equivalents at the end of the financial year	5.1	5,150,440	4,848,868

This statement should be read in conjunction with the notes to the financial statements.

Statement of changes in equity

For the financial year ended 30 June 2023

	Accumulated surplus \$
Balance at 1 July 2021	4,350,343
Comprehensive result	358,698
Balance at 30 June 2022	4,709,041
Comprehensive result	507,835
Balance at 30 June 2023	5,216,876

This statement should be read in conjunction with the notes to the financial statements.



Notes to the financial statements

1. About this report

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

Victorian Environmental Water Holder
8 Nicholson Street
East Melbourne VIC 3002

1.1 Basis of preparation

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

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

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

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

Where the presentation or classification of items in the financial statements changes, the comparative amounts are also reclassified unless it is impractical to do so. The nature, amount and reason for the reclassification is also disclosed.

These financial statements have been prepared on a going concern basis. The VEWH does not have any controlled entities.

1.2 Compliance

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

Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

Relevant AAS paragraphs applicable to not-for-profit entities have been applied. Where appropriate, these financial statements are presented in a consistent manner with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

2. Funding the delivery of our services

Introduction

The VEWH's overarching objective is to manage Victoria's environmental Water Holdings. This section provides additional information about how the VEWH is funded to enable the VEWH to fulfil its objectives. It receives income predominately from government grants. The VEWH can also sell water allocation to contribute to meeting its objectives.

Structure

2.1 Income and revenue that funds the delivery of services

Significant judgement

Government grants: The VEWH has made the judgement that grant income from the Department of Energy, Environment and Climate Action (DEECA) and the Commonwealth Government should be recognised under AASB 1058 as income of not-for-profit entities as grant agreements do not contain sufficiently specific performance obligations.

Income from specific purpose grants that are enforceable and with sufficiently specific performance obligations are accounted under AASB 15 as revenue from contracts with customers and is recognised when the VEWH satisfies the performance obligation by providing the relevant goods or services.

2.1 Income and revenue that funds the delivery of services

	2023 \$	2022 \$
Government grants		
Grants from DEECA	7,739,000	7,706,000
Grants from the Commonwealth Government	2,093,822	2,659,161
Total government grants	9,832,822	10,365,161
Sale of water allocation		
Sale of water allocation	655,085	690,744
Total sale of water allocation	655,085	690,744
Interest		
Interest from cash and deposits	182,367	11,694
Total interest	182,367	11,694
Other income		
Other	264,403	0
Total other income	264,403	0



2. Funding the delivery of our services (continued)

Government grants without sufficiently specific performance obligations, or that are not enforceable, are recognised according to AASB 1058 as income when the VEWH has received cash or has an unconditional right to receive cash. Grants from DEECA and the Commonwealth Government are recognised in this way. These grants are for managing environmental water entitlements and for the VEWH's staff costs and administration.

Revenue from the **sale of water allocation** is recognised according to AASB 15 when the performance obligation is satisfied, being the transfer of the allocation is approved and ownership / control transferred to the buyer. Revenue from the sale of water allocation is measured based on the total sale price. Any transaction costs are recorded separately.

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

Other income is ad hoc or one-off receipts during the year and can include the return of grant funds that were not fully expended by recipients, insurance claims, miscellaneous items. Other income is recognised when received.

3. The cost of delivering services

Introduction

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

It includes items on the comprehensive operating statement under 'expenses from transactions' as well as employee benefits listed in the balance sheet under liabilities as 'employee related provisions'.

Structure

- 3.1 **Employee benefits**
 - 3.1.1 Employee expenses
 - 3.1.2 Employee related provisions
 - 3.1.2 (a) Reconciliation of movement in provisions on-costs
 - 3.1.2 (b) Gain / (loss) from revaluation of long service liability due to change in bond rates
 - 3.1.3 Superannuation contributions
- 3.2 **Environmental Water Holdings and transaction expenses**
- 3.3 **Grants expenses**
- 3.4 **Supplies and services**
 - 3.4.1 Audit fees

3.1 Employee benefits

3.1.1 Employee expenses

	2023 \$	2022 \$
Employee expenses		
Salary and wages, annual and long service leave	(2,487,335)	(2,538,114)
Superannuation	(256,131)	(242,322)
Other on-costs (payroll tax, fringe benefits tax and WorkCover premium)	(165,945)	(151,207)
Total employee expenses ⁽ⁱ⁾	(2,909,411)	(2,931,643)

⁽ⁱ⁾ Employee expenses include remuneration of the Commissioners. Refer to Note 7.2 for Responsible Persons remuneration.

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

3. The cost of delivering services (continued)

3.1.2 Employee related provisions

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

	2023 \$	2022 \$
Current provisions		
Employee benefits – annual leave		
Unconditional and expected to settle within 12 months	183,997	205,949
Unconditional and expected to settle after 12 months ⁽ⁱ⁾	29,885	37,788
Employee benefits – long service leave		
Unconditional and expected to settle within 12 months	30,481	39,167
Unconditional and expected to settle after 12 months ⁽ⁱ⁾	315,821	354,320
Total employee benefits	560,184	637,224
Provisions for on-costs		
Unconditional and expected to settle within 12 months	35,728	39,617
Unconditional and expected to settle after 12 months ⁽ⁱ⁾	59,612	65,431
Total provision for on-costs	95,340	105,048
Total current provisions	655,524	742,272
Non-current provisions		
Employee benefits ⁽ⁱ⁾	93,072	75,696
Provisions for on-costs ⁽ⁱ⁾	16,092	12,683
Total non-current provisions	109,164	88,379
Total provisions	764,688	830,651

⁽ⁱ⁾ The amounts disclosed are discounted to present values.

3.1.2(a) Reconciliation of movement in on-costs

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

	2023 \$
Opening balance	117,731
Additional provisions recognised	26,776
Reduction arising from payments	(32,353)
Unwind of discount and effect of changes in the discount rate	(722)
Closing balance	111,432
Current	95,340
Non-current	16,092
Total	111,432

3. The cost of delivering services (continued)

Salaries and wages, annual leave and sick leave

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

- Current liabilities that are expected to be wholly settled within 12 months of reporting date are classified as short-term and measured at undiscounted amounts. This includes liability for salaries and wages recognised at remuneration rates which are current at the reporting date, and annual leave.
- Current liabilities for annual leave that are not expected to be wholly settled within 12 months of reporting date are classified as long-term for measurement purposes and is discounted to its present value.

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

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

Long service leave

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

The components of this current LSL liability are measured at:

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

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

3.1.2(b) Gain / (loss) from revaluation of long service liability due to change in bond rates

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

3. The cost of delivering services (continued)

3.1.3 Superannuation contributions

Employees of the VEWH are entitled to receive superannuation benefits.

	Paid contributions for the year		Contributions outstanding at year end	
	2023 \$	2022 \$	2023 \$	2022 \$
Defined contribution plans				
VicSuper	125,179	112,111	0	3,496
Other	130,952	121,788	0	4,927
Total	256,131	233,899	0	8,423

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement. These are outlined above. There were no payments to defined benefits funds.

3.2 Environmental Water Holdings and transaction expenses

	2023 \$	2022 \$
Environmental Water Holdings and transaction expenses		
Water storage	(5,224,428)	(5,157,299)
Delivery fees	(801,749)	(1,703,203)
Water purchases	(41,611)	(23,842)
General delivery expenses (including statutory fees)	(8,456)	(28,287)
Total environmental Water Holdings and transaction expenses	(6,076,244)	(6,912,631)

Environmental Water Holdings and transactions are recognised in the reporting period in which they are incurred. These include transactions such as storage charges, including associated spillable water charges, transaction costs associated with water allocation transfers and trades, and charges for water delivery.

3.3 Grants expenses

	2023 \$	2022 \$
Grants		
Grants to catchment management authorities	(126,150)	(117,316)
Grants to DEECA for specific projects	(453,500)	(145,000)
Total grants	(579,650)	(262,316)

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

3. The cost of delivering services (continued)

3.4 Supplies and services

	2023 \$	2022 \$
Supplies and services		
Contract and professional services	(325,132)	(204,057)
General expenses	(154,726)	(122,969)
Office and accommodation	(178,496)	(182,958)
IT expenses	(110,295)	(95,388)
Postage, telephone and other office expenses	(17,357)	(21,252)
Travel and related costs	(61,079)	(12,509)
Community awareness and publicity	(9,914)	(7,686)
Total supplies and services	(856,999)	(646,819)

Supplies and services generally represent the day-to-day running costs incurred in normal operations. They are recognised as an expense in the reporting period in which they are incurred.

3.4.1 Audit fees

	2023 \$	2022 \$
Victorian Auditor-General's Office		
Audit of the financial statements	(22,000)	(21,000)
Total audit fees	(22,000)	(21,000)

4. Other assets and liabilities

Introduction

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

Structure

- 4.1 Receivables
- 4.2 Prepayments
- 4.3 Environmental water entitlements
- 4.4 Payables
 - 4.4.1 Maturity analysis of contractual payables

4.1 Receivables

	2023 \$	2022 \$
Current receivables		
Contractual		
Trade receivables	0	0
Amounts owing from DEECA	701,669	807,799
Accrued income	319,581	976,900
Total contractual receivables	1,021,250	1,784,699
Statutory		
GST input tax credit recoverable	749	0
Total statutory receivables	749	0
Total current receivables	1,021,999	1,784,699

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

Details about the VEWH's impairment policies, exposure to credit risk, and the calculation of the loss allowance are set out in Note 6.1.1.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes.

4.2 Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period. Prepaid expenses are classified as current assets.

4. Other assets and liabilities (continued)

4.3 Environmental water entitlements

The VEWH manages environmental water entitlements on behalf of the State which are a significant resource in the delivery of the VEWH's objectives.

Being intangible in nature they have specific recognition and measurement requirements that need to be met before a value is included on the balance sheet. No accounting value has been recognised due to the historical reporting framework, acquisition method, water entitlement attributes and reliability of measurement.

The full list of water entitlements held by the VEWH during the financial year is included in the report of operations in the Annual Report.

4.4 Payables

Current payables	2023	2022
	\$	\$
Contractual		
Trade creditors	0	0
Accrued expenses	192,007	1,094,168
Total contractual payables	192,007	1,094,168
Statutory		
GST input tax credit payable	0	936
Superannuation payable	0	8,423
Total statutory payables	0	9,359
Total current payables	192,007	1,103,527

Contractual payables are classified as financial instruments and measured at amortised cost. Trade creditors and accrued expenses represents liabilities for goods and services provided to the VEWH prior to the end of the financial year that are unpaid.

Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, as they do not arise from contracts.

4. Other assets and liabilities (continued)

4.4.1 Maturity analysis of contractual payables

	Carrying amount \$	Nominal amount \$	Maturity dates	
			Less than 1 month \$	More than 1 month \$
2023				
Payables				
Trade creditors	0	0	0	0
Accrued expenses	192,007	192,007	192,007	0
Total	192,007	192,007	192,007	0
2022				
Payables				
Trade creditors	0	0	0	0
Accrued expenses	1,094,168	1,094,168	1,094,168	0
Total	1,094,168	1,094,168	1,094,168	0

The average credit period is usually 30 days however the VEWH adopted the whole of government policy of making payments to suppliers in 10 business days.

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

5. How we financed our operations

Introduction

This section provides information on the sources of finance utilised by the VEWH during its operations, along with commitments for future expenditure.

Structure

5.1 Cash and deposits

5.1.1 Reconciliation of net result for the period to cash flows from operating activities

5.2 Commitments for expenditure

5.1 Cash and deposits

	2023 \$	2022 \$
Total funds held in trust – cash and deposits	5,150,440	4,848,868
Balance per cash flow statement	5,150,440	4,848,868

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

5.1.1 Reconciliation of net result for the period to cash flows from operating activities

	2023 \$	2022 \$
Net result for the year	507,835	358,698
Non-cash movements		
Net gain / (loss) arising from revaluation of long service liability	(4,538)	44,508
Movements in assets and liabilities		
(Increase) / decrease in receivables	762,700	(173,396)
(Increase) / decrease in prepayments	8,520	12,082
Increase / (decrease) in payables	(911,520)	596,169
Increase / (decrease) in provisions	(61,425)	(62,227)
Net cash flows from / (used in) operating activities	301,572	775,834

5.2 Commitments for expenditure

At 30 June 2023 there were no commitments arising for future expenditure from contracts (2022: Nil).

Commitments for future expenditure include operating and capital commitments arising from contracts that bind the parties to performance conditions. These commitments are recorded at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6. Risks, contingencies and valuation judgements

Introduction

The VEWH is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied.

Structure

- 6.1 Financial instrument specific disclosures
 - 6.1.1 Financial instruments: Credit risk
 - 6.1.2 Financial instruments: Market risk
- 6.2 Contingent assets and contingent liabilities

6.1 Financial instrument specific disclosures

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

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

The carrying amount of all financial instruments the VEWH holds are equal to the fair value.

Financial assets

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

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

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The VEWH recognised the following assets in this category:

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

A financial asset is derecognised when, the rights to receive cash flows from the asset have expired or the VEWH no longer maintains the substantial risks and rewards or control of the asset.

Financial liabilities

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

6. Risks, contingencies and valuation judgements (continued)

The VEWH recognised the following liabilities in this category:

- payables (excluding statutory payables).

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

6.1.1 Financial instruments: Credit risk

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

Impairment of financial assets

At 30 June 2023 the VEWH did not have trade receivables past due (2022: Nil). On this basis, the VEWH determined no allowance for expected credit loss was required at end of the financial year (2022: Nil).

The VEWH records the allowance for expected credit loss for the relevant financial instruments under AASB 9's simplified Expected Credit Loss approach.

6.1.2 Financial instruments: Market risk

The VEWH's exposure to market risk is primarily through interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The VEWH has minimal exposure to cash flow interest rate risks through its cash and deposits that are at a variable rate. Movements in market interest rates are considered possible over the next 12 months and would impact how much interest revenue is earned. Any changes are not expected to have a material impact on the VEWH's financial position.

The weighted average interest rate during the financial year was 3.07% (2022: 0.32%). All other financial instruments are non-interest bearing and have no interest rate exposure.

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

6.2 Contingent assets and contingent liabilities

At 30 June 2023 there were no contingent assets or contingent liabilities (2022: Nil).

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

7. Other disclosures

Introduction

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

Structure

7.1 Ex gratia expenses

7.2 Responsible persons

7.3 Remuneration of executives

7.4 Related parties

7.5 Subsequent events

7.6 Australian Accounting Standards issued that are not yet effective

7.1 Ex gratia expenses

The VEWH incurred no ex gratia expenses during the financial year (2022: Nil).

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

7.2 Responsible persons

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

The names of persons who were **responsible persons** of the VEWH during the financial year were:

Ministers

The Hon Harriet Shing MP Minister for Water 1 July 2022 to 30 June 2023

The Hon Gayle Tierney MP acted as Minister for Water for the period 3 to 12 January 2023.

The Hon Lily D'Ambrosio MP acted as Minister for Water for the period 13 to 27 January 2023.

Commissioners

Chris Chesterfield Chairperson 1 July 2022 to 30 June 2023

Peta Maddy Deputy Chairperson 1 July 2022 to 30 June 2023

Jennifer Fraser 1 July 2022 to 30 June 2023

Accountable Officers

Beth Ashworth Co-Chief Executive Officer 1 July 2022 to 21 May 2023

Sarina Loo Co-Chief Executive Officer 1 July 2022 to 21 May 2023

Sarina Loo Chief Executive Officer 22 May 2023 to 30 June 2023

7. Other disclosures (continued)

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

	2023 No.	2022 No.
Income band		
\$30,000 - \$39,999	0	1
\$40,000 - \$49,999	2	2
\$80,000 - \$89,999	1	2
\$120,000 - \$129,999	0	1
\$130,000 - \$139,999	1	1
\$170,000 - \$179,999	1	0
Total number of responsible persons	5	7
Total remuneration	\$ 468,954	\$ 538,710

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

7.3 Remuneration of executives

The VEWH did not have any **executive officers** that meet the disclosure definition of FRD 21 *Disclosures of responsible persons and executive officers in the financial report*, other than Co-Chief Executive Officers and Chief Executive Officer whose remuneration is disclosed in Notes 7.2 and 7.4.

7.4 Related parties

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

Related parties of the VEWH include:

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

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

Key Management Personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the VEWH. Key management personnel of the VEWH includes all Responsible Persons as listed in Note 7.2.

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

7. Other disclosures (continued)

	2023 \$	2022 \$
Compensation of KMPs		
Short-term benefits	416,310	482,017
Post-employment benefits	41,922	47,220
Other long-term benefits	10,722	9,473
Total remuneration	468,954	538,710

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis and is disclosed in the following categories:

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

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

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

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of state government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Outside of normal citizen type transactions, there were no related party transactions or balances that involved key management personnel, their close family members and their personal business interests (2022: Nil).

Significant transactions with government-related entities

The following tables for receipts and payments are presented on a cash basis, therefore values may include revenue and expenditure relating to other financial years.

The VEWH received operating grants from the following government-related entity for **managing VEWH's environmental water entitlements and for staff costs and administration**. Funding agreements allocated a share of the environmental contribution collected by the State to the VEWH.

	2023 \$	2022 \$
Receipts during the year		
Department of Energy, Environment and Climate Action	7,739,000	7,706,000
Receivables at 30 June		
Department of Energy, Environment and Climate Action	701,669	807,799

The VEWH made payments to government-related agencies for the provision of **general operating costs and services**. These were on normal terms and conditions and were not individually or collectively significant for disclosure.

7. Other disclosures (continued)

The VEWH entered into agreements and made payments to the following government-related entity for **managing a range of projects to improve environmental water management and outcomes**. These agreements were on normal terms and conditions.

	2023 \$	2022 \$
Payments made during the year		
Department of Energy, Environment and Climate Action	453,500	145,000

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

	2023 \$	2022 \$
Payments made during the year		
Central Highlands Region Water Corporation	47,004	43,362
Gippsland and Southern Rural Water Corporation	598,137	377,127
Goulburn-Murray Rural Water Corporation	4,388,288	4,231,990
Grampians Wimmera Mallee Water Corporation	365,040	337,865
Lower Murray Urban and Rural Water Corporation	0	19,948

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

	2023 \$	2022 \$
Payments made during the year		
Corangamite Catchment Management Authority	127,488	107,184
Goulburn Broken Catchment Management Authority	25,583	23,055
Goulburn-Murray Rural Water Corporation	968,344	0
Grampians Wimmera Mallee Water Corporation	227,786	278,230
Lower Murray Urban and Rural Water Corporation	0	64,293
Mallee Catchment Management Authority	181,000	769,705
Melbourne Water Corporation	25,643	23,842
North Central Catchment Management Authority	54,542	40,680
West Gippsland Catchment Management Authority	45,000	8,803
Wimmera Catchment Management Authority	8,703	47,782

7. Other disclosures (continued)

	2023 \$	2022 \$
Payables and accruals at 30 June:		
Corangamite Catchment Management Authority	16,120	18,787
Gippsland and Southern Rural Water Corporation	82,304	137,180
Goulburn-Murray Rural Water Corporation	0	701,921
Grampians Wimmera Mallee Water Corporation	70,000	103,000
Mallee Catchment Management Authority	0	112,470
North Central Catchment Management Authority	2,039	40,124
West Gippsland Catchment Management Authority	4,186	0

7.5 Subsequent events

The VEWH is not aware of any information or circumstances that have arisen between 30 June 2023 and the date of final approval of this general purpose financial report that qualifies for inclusion as a post balance date event.

7.6 Australian Accounting Standards issued that are not yet effective

There are new and revised Australian Accounting Standards (AASs) that have been issued but are not effective for the 2022-23 reporting period.

The following AAS has been assessed as applicable to the VEWH's financial report, but is not expected to have a material impact:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*. Applicable for the VEWH from 1 July 2023, this standard clarifies the requirements for presentation of liabilities in the balance sheet as current or non-current.

The following AASs have been assessed as not applying and having no impact on the VEWH's financial report:

- AASB 17 *Insurance Contracts*, and related amendments
- AASB 2022-5 *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants*
- AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*.

In addition to the new standards and amendments above, the AASB has issued other amending standards with editorial and reference changes. These are not expected to have any significant impact on public sector entities.

Auditor-General's Report



Independent Auditor's Report

To the Commissioners of the Victorian Environmental Water Holder

Opinion	<p>I have audited the financial report of the Victorian Environmental Water Holder which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Chairperson's, Accountable Officer's and Chief Finance Officer's declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the Victorian Environmental Water Holder as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Victorian Environmental Water Holder in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Commissioners' responsibilities for the financial report	<p>The Commissioners of the Victorian Environmental Water Holder are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commissioners are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

SECTION FIVE

Auditor-General's Report

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

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

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

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

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

MELBOURNE
21 September 2023



Paul Martin
as delegate for the Auditor-General of Victoria

Appendices

Appendix 1 - Disclosure index

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

<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
Report of operations		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	3
FRD 22	Purpose, functions, powers and duties	3
FRD 22	Key initiatives and projects	19
FRD 22	Nature and range of services provided	4
Management and structure		
FRD 22	Organisational structure	43
Financial and other information		
FRD 10	Disclosure index	82
FRD 12	Disclosure of major contracts	51
FRD 22	Employment and conduct principles	48
FRD 22	Workforce data	48
FRD 22	Occupational Health and Safety Policy	47
FRD 22	Summary of the financial results for the year	42
FRD 22	Five year financial summary	41
FRD 22	Summary operational and budgetary objectives	10
FRD 22	Significant changes in financial position during the year	42
FRD 22	Major changes or factors affecting performance	42
FRD 22	Subsequent events	42
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	51
FRD 22	Compliance with building and maintenance provisions of Building Act 1993	51
FRD 22	Statement on National Competition Policy (Competitive Neutrality Policy)	52
FRD 22	Application and operation of the <i>Public Interest Disclosure Act 2012</i>	52
FRD 22	Details of consultancies over \$10 000 (consultancy expenditure)	50
FRD 22	Details of consultancies under \$10 000 (consultancy expenditure)	50
FRD 22	Disclosure of government advertising expenditure	50
FRD 22	Disclosure of ICT expenditure	51
FRD 22	Statement of availability of other information	53
FRD 24	Reporting of office-based environmental impacts	53
FRD 25	Local Jobs First	50

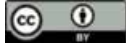
SECTION SIX

<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
Report of operations		
Compliance attestation and declaration		
<i>PFMCF 5.1.3</i>	Attestation for Financial Management Compliance	54
<i>PFMCF 5.2.3</i>	Responsible Body Declaration in Report of Operations	1
Financial Statements		
<i>PFMCF 5.2.2</i>	Declaration in Financial Statements	57
FRD 11	Disclosure of ex gratia expenses	75
FRD 17	Wage inflation and discount rates for employee benefits	65
FRD 21	Disclosures of responsible persons and executive officers in the financial report	75
FRD 110	Cash flow statements	60
FRD 114	Financial instruments	73
Other disclosures		
FRD 30	Standard requirements for the publication of Annual Reports	All pages
<i>PFMCF 5.2.1(a)</i>	Compliance with Australian accounting standards and other authoritative pronouncements	61
<i>PFMCF 5.2.1(b)</i>	Publishing of Annual Report on VEWH's website	All pages
Legislation		
<i>Building Act 1983</i>		51
<i>Financial Management Act 1994</i>		18
<i>Freedom of Information Act 1982</i>		51
<i>Local Jobs First Act 2003</i>		50
<i>Public Administration Act 2004</i>		53
<i>Public Interest Disclosure Act 2012</i>		52
<i>Section 33DZA of the Water Act 1989</i>		18

Appendix 2 – Acronyms and Abbreviations

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ATO	Australian Taxation Office
AUD	Australian Dollar
BAU	Business As Usual
CEO	Chief Executive Officer
CEW	Commonwealth Environmental Water
CEWH	Commonwealth Environmental Water Holder
CEWO	Commonwealth Environmental Water Office
COVID-19	Coronavirus Disease of 2019
CMA	Catchment Management Authority
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DEECA	Department of Energy, Environment and Climate Action
DJAARA	Dja Dja Wurrung Clans Aboriginal Corporation
EEWD	Enhanced Environmental Water Delivery
EMS	Environmental Management System
Flow-MER	Commonwealth Environmental Water Office's on-ground Monitoring, Evaluation and Research program.
FOI	Freedom of Information
FRD	Financial Reporting Direction
FTE	Full Time Equivalent
GMW	Goulburn-Murray Water
GST	Goods and Services Tax
GWMWater	Grampians Wimmera Mallee Water
IBAC	Independent Broad-based Anti-corruption Commission
ICT	Information and Communications Technology
KMP	Key Management Personnel
LSL	Long Service Leave
LVRRS	Latrobe Valley Regional Rehabilitation Strategy
MDBA	Murray-Darling Basin Authority
ML	Megalitre
MP	Member of Parliament
MPSG	Major Project Skills Guarantee
Non-BAU	Non-Business As Usual
NVIRP	Northern Victoria Irrigation Renewal Project
PFMCF	Portfolio Financial Management Compliance Framework
PID	Public Interest Disclosure
POSSUM	Personal and Organisational Safety System for U and Me
RAC	Risk and Audit Committee
SCBEWC	Southern Connected Basin Environmental Watering Committee
SDLAM	Sustainable Diversion Limit Adjustment Measure
TLaWC	Taungurung Land and Waters Council (Aboriginal Corporation)
VEFMAP	Victorian Environmental Flow Monitoring and Assessment Program
VEWH	Victorian Environmental Water Holder
VIPP	Victorian Industry Participation Policy
VMFRP	Victorian Murray Floodplain Restoration Project
VWMS	Victorian Waterway Management Strategy
WERP	Water for the Environment Research Program
WetMAP	Wetland Monitoring and Assessment Program

© Victorian Environmental Water Holder 2023



This work is licensed under a Creative Commons Attribution 3.0 Australia licence. You are free to re-use the work under that licence, on the condition that you credit the Victorian Environmental Water Holder as author. The licence does not apply to any images, photographs or branding, including the Victorian Government logo and the Victorian Environmental Water Holder logo. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/3.0/au/deed.en>

ISSN: 2200-9582 (Print)

Disclaimer

This publication may be of assistance to you but the Victorian Environmental Water Holder and its employees do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

Accessibility

If you would like to receive this publication in an alternative format, please contact the Victorian Environmental Water Holder on (03) 9637 8951 or email general.enquiries@vewh.vic.gov.au. This document is also available at www.vewh.vic.gov.au

vewh.vic.gov.au

VICTORIAN ENVIRONMENTAL
WATER HOLDER

T: (03) 9637 8951

E: general.enquiries@vewh.vic.gov.au

PO Box 500, East Melbourne VIC 8002

8 Nicholson Street, East Melbourne VIC 3002

