

VICTORIAN ENVIRONMENTAL
WATER HOLDER

Annual Report

2021-22



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.

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' influence 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.



Photograph credits:

- First page: Annulus Billabong by Charlotte Hilbig
- This page: Dhudhuroa and Waywurru Aboriginal Waterways Assessment (AWA) on the Ovens and Kings rivers by Murray Darling Basin Authority

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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 2021-22. This report outlines the VEWH's performance against its Corporate Plan 2021-22 and provides a brief analysis of the VEWH's management of Victoria's environmental water entitlements in 2021-22.

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 watering program varies each year in response to seasonal conditions. Last year, we saw the continued influence of the La Niña weather pattern with relatively high rainfall, resulting in good inflows into many storages, managed spill releases and natural flows across the Gippsland, central and northern regions, sometimes for prolonged periods. However, in western Victoria, La Niña has had less effect. Water storages have remained in a similar position since 2019-20, and water for the environment was delivered in line with dry flow conditions, with minimum flows delivered to protect aquatic ecosystems. This highlights the need for a flexible and seasonably adaptive approach to planning, especially as the effects of climate change create more extreme seasonal conditions and overall, a drying climate.

In 2021-22, the VEWH used 994,260 ML of water for the environment (including water made available by the Commonwealth Environmental Water Holder and the Living Murray program) to deliver 184 environmental watering actions across 170 river reaches and wetlands. Another 58 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 242 watering actions represent 91 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 people who depend on them.

In planning for the year ahead, the VEWH and its program partners consulted with 286 stakeholders. This included consideration of how environmental flows can directly support at least 57 different social, recreational and economic benefits.

The VEWH acknowledges the important contribution Traditional Owners and Aboriginal knowledge systems make to the Victorian environmental watering program. We have made a commitment to support Traditional Owner self-determination, leadership and decision-making around water management and rights, including water for the environment. In 2021-22, 30 environmental watering actions in 12 river systems were planned in partnership with Traditional Owners, with 27 fully or partially achieved, helping to deliver on objectives identified by Traditional Owners and supporting development of more culturally-informed watering practices. Going forward, we will 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, such as the upcoming *Victorian Waterway Management Strategy*.

The impacts of coronavirus (COVID-19) have continued to pose an unprecedented challenge for Victorians. Despite this, the environmental watering program has so far proved adaptable to the pandemic, with watering actions able to continue to be delivered. We thank our staff and program partners for their dedication and commitment to the program during this difficult time.

Several events in 2021-22 marked some significant milestones for the VEWH.

The first of July 2021 marked 10 years since the establishment of the VEWH. This prompted us to reflect on the achievements and progress of the past decade and how these learnings are shaping our thinking going forward.

We also saw the completion of the Koondrook fishway which has taken many years to bring to fruition, working with partners and supported by strategic use of revenue from water allocation sales. The fishway provides passage for thousands of native fish to move freely between the Murray River and Gunbower Creek for the first time in over a century and greatly improves the outcomes of water for the environment in this system.

As the year came to a close, we also said farewell to Rueben Berg after almost five years as a VEWH Commissioner. Rueben's insightful leadership provided enormous benefit to the VEWH and the environmental watering program. As the first Aboriginal Victorian appointed to the VEWH Commission, Rueben also helped guide the VEWH to better incorporate Traditional Owner values in our decision-making and progress self-determination in the environmental watering program.

We affirm that the VEWH has complied with its legislative and financial requirements in 2021-22 and has delivered on outcomes against core and strategic programs. In accordance with the *Financial Management Act 1994*, we are pleased to present the Victorian Environmental Water Holder's annual report for the year ending 30 June 2022.

Chris Chesterfield



Chairperson
Victorian Environmental
Water Holder
10 October 2022

Beth Ashworth

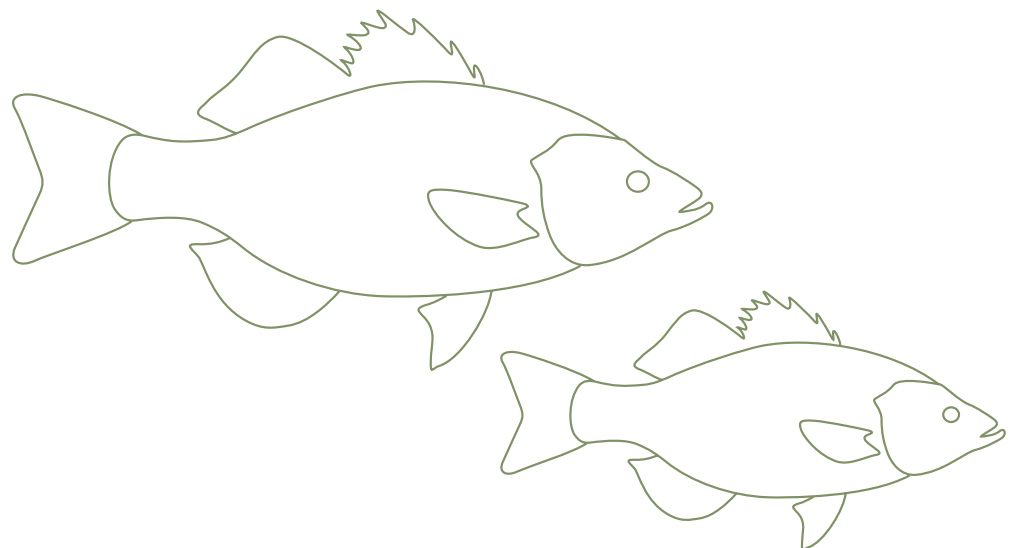


Co-Chief Executive Officer
Victorian Environmental
Water Holder
10 October 2022

Dr Sarina Loo



Co-Chief Executive Officer
Victorian Environmental
Water Holder
10 October 2022



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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 2021 to 27 June 2022 was the Hon Lisa Neville MP, Minister for Water and for the period from 27 June to 30 June 2022 was the Hon Harriet Shing MP, Minister for Water. The Hon Richard Wynne acted as the Minister for Water from 1 July 2021 to 22 August 2021.

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.

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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 delivered in the Goulburn River for the first time in 2021-22.

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 partners, stakeholders and communities in the environmental watering program. In particular, the VEWH plays a statewide role in 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 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 key 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 vital grass roots input and expertise of our partner agencies and their local stakeholders is a key input to truth checking environmental values and objectives in each region. They play a key role in not only helping identify the values of rivers and wetlands in their areas, but also in providing 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.

Our communities play a key role in monitoring, together with our state and national scientific partners, and also listening to the perspectives of our 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 such as anglers, kayakers and birdwatchers – and scientists who are 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, making it a true partnership program. Program partners have distinct roles and responsibilities. Figure 1.1 provides an overview of the key partnerships 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 Environment, Land, Water and Planning (DELWP) 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, communications 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 DELWP), who manage the sites to which water is applied. Waterway managers are also responsible for undertaking important complementary catchment and waterway management activities, critical to ensuring the success of the watering program.

The 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, which was established to coordinate the delivery of environmental watering through the connected Murray system and oversee the use of environmental entitlements held under the Living Murray Program. During the delivery of water for the environment, more 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, promoting partner stories, outcomes and communication)
- providing funding to support program partners in regional communications 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 Victoria's rivers, wetlands and floodplains, spanning tens of thousands of years. There is a meaningful intersection between the aims of the environmental watering program – healthy waterways, healthy communities – and the deep and enduring obligations Traditional Owners have to Country and Aboriginal people. The VEWH is committed to partnering with Traditional Owners to increase Traditional Owner decision-making and self-determination within the environmental watering program.

The VEWH has a strategic focus for watering program partners to continue to develop enduring partnerships with Traditional Owners who wish to participate in the management of water for the environment, including increasing Traditional Owner power in determining the use of water for the environment. Sometimes this will be alongside waterway managers; on other occasions, Traditional Owners may seek to have a relationship directly with the VEWH.

In 2021-22, we developed a commitment to:

- provide an informed, respectful and culturally safe environment within the VEWH and the broader environmental watering program
- create opportunities for Traditional Owners to influence and participate in the planning, decision-making, delivery and monitoring of environmental water on Country

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- identify the barriers within the current environmental watering frameworks and processes to increasing Traditional Owner influence and participation, and deconstruct them or identify a clear pathway for change
- support Traditional Owner decision-making, leadership and self-governance around water management and rights.

Supporting community and stakeholder understanding and contribution

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

It is important that decisions and outcomes from the use of water for the environment are clearly and transparently communicated and accessible. The VEWH has focused on 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.

Engaging environmental watering stakeholders, particularly those who also have a statewide role, is an important part of the VEWH's business. The VEWH engages with key state-level stakeholders and peak bodies in a wide variety of interest areas such as recreational fishing and hunting, irrigation and agriculture, environmental and nature interest groups, kayaking/canoeing, and education.

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

The VEWH does this through:

- integrating perspectives into decision-making in partnership with CMAs
- organising and attending webinars, workshops or forums
- direct meetings
- 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').

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).

Case Study 1:

Reflecting on 10 years of the VEWH

The first of July 2021 marked 10 years since the establishment of the VEWH. This significant milestone prompted us to reflect on the previous 10 years of progress and forecast our challenges and priorities for the next decade.

The establishment of the VEWH came off the back of the worst drought on record. The cumulative impact of many decades of major river modification for water supply, severe drought, followed by major flooding in many regions, meant that most systems needed critical life support.

The VEWH was formed as an independent decision-maker for water for the environment at a statewide level providing a high level of transparency about planning for and using such a valuable resource.

As the program grew, we started to see the outcomes of our efforts as well as identify the opportunities for improvement. More water, more sites, more stakeholders; the complexity and requirements increased as did the opportunities.

The VEWH had gone from overseeing delivery of 544 GL to 45 river reaches and wetlands in its first year, to delivering 655 GL to 171 river reaches and wetlands in 2020-21.

Research and monitoring programs show that water for the environment is working.

As part of the Living Murray initiative, 10 years of ecological monitoring has been undertaken at six priority sites. This monitoring provides a strong evidence base that, where water for the environment has been delivered, the health of the rivers, wetlands and floodplains are improving. The use of water for the environment is building on the benefits of natural flooding, supporting resilience in dry times and achieving environmental outcomes.

We are seeing fish populations recovering, discovery of species not seen in waterways for many decades, successful bird breeding events and both in-stream and streamside vegetation establishment. For example, monitoring in the Campaspe River has shown increases in native fish numbers since 2012, including boosts in golden and silver perch, Murray cod and Murray-Darling rainbow fish.

During the 10 years of VEWH's operation, we've managed our Water Holdings adaptively over wet, average and dry conditions, and have been able to make decisions during those periods to manage the Water Holdings to the best effect we can with the information we have available.

The VEWH and its partners also consider how the watering program can provide for social, recreational and Aboriginal cultural values and uses of waterways. While this has long been a part of the program, it has also now been enshrined in the Water Act through amendments made in 2019. The VEWH and its partners work with many stakeholders to deliver on many social, recreational and economic benefits. For example, in 2022-23, at least 57 different social, recreational and economic benefits will be directly provided by planned environmental watering actions.

One of the most important changes over the past 10 years has been to work towards increasing the participation and influence of Traditional Owners in the environmental watering program. There is a meaningful intersection between the aims of the program – healthy waterways, healthy communities – and the deep and enduring connections and obligations Traditional Owners have to Country and community. It has been a learning journey, and we are still a long way from meeting self-determination aspirations of Traditional Owners but are committed to increasing self-determination where we can within our program and in line with Victorian Government policy.

The VEWH is one part of a broader team of people working across the Victorian environmental watering program. There are many different agencies and communities who work together to protect our waterways and the unique and valuable plants and animals that live depend on them. Their passion, intelligence and commitment are essential to the program.

With the perspective of 10 years of progress, we are very proud that the program is providing efficient and effective use of water for the environment – and benefits are flowing to communities across Victoria. We are using our learnings to shape our thinking for the next ten years.

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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 2021-22

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>Seasonal watering plan is evolving to incorporate new scientific knowledge, Aboriginal values and environmental knowledge, input from other stakeholders and adaptations to climate change.</p>	<p>Seasonal watering plan published by 30 June and annually report on:</p> <ul style="list-style-type: none"> specific watering actions that are based on new information from monitoring, research, prioritisation projects involvement in environmental flow studies 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 how the VEWH and program partners are adapting to climate change. 	<p><i>Seasonal Watering Plan 2022-23</i> was published on 30 June 2022, including:</p> <ul style="list-style-type: none"> at least four watering actions based on new information from monitoring, research, prioritisation projects and environmental flows studies at least 23 watering actions 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 15 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><i>Example activities and achievements provided on page 13.</i></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, and strategic projects are funded to improve future watering effectiveness.</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 examples of VEWH-funded works and other projects that have improved environmental water deliveries or potential outcomes. 	<ul style="list-style-type: none"> Ninety one percent of required potential watering actions were fully or partially achieved in 2021-22. This result is similar to 2019-20 and 2020-21. The VEWH sold 12,000 ML of available allocation in the Murray system in 2021-22. The sale yielded \$674,747 (after transaction fees), which the VEWH will invest in specific projects to optimise environmental watering outcomes for enduring benefit. <p><i>See Case Study 2 (page 14), Case Study 3 (page 15), Case Study 7 (page 32) and example activities and achievements provided on page 22.</i></p>

Program / outcome	Outcome indicator	Outcome measures	Achievement / Comment
<p><i>Our Communities:</i></p> <p>Engagement, understanding and contribution of partners, stakeholders and communities in the environmental watering program is strengthened.</p>	<p>Participation of Traditional Owners in water for the environment planning and management is increased.</p>	<p>Number of water planning and management activities that Traditional Owner groups were involved in annually.</p>	<p>Traditional Owners partnered with watering program partners to plan and/or manage environmental water at more than 10 sites across Victoria in 2021-22.</p>
	<p>Community and stakeholder understanding of and contribution to the watering program is increased.</p>	<p>Percentage of actions of Communications and Engagement Strategy delivered, supported by:</p> <ul style="list-style-type: none"> • examples to illustrate activities and achievements. 	<p>Ninety eight percent of actions in the VEWH Communications and Engagement Strategy were delivered. Delivery of the Communications and Engagement Strategy is the responsibility of all VEWH employees. The ongoing challenges of limited face to face activities and resourcing constraints due to the COVID-19 pandemic necessitated a reset of some measurable outcomes. Despite the challenges of a worldwide pandemic, program partnerships remained strong, including increasing means for Traditional Owner agency and self-determination for water for the environment on Country.</p> <p>See Case Study 4 on page 16 as an example of increased shared understanding of water for Country and water for environment objectives and Case Study 5 on page 17 for how water for the environment supports what people love and respect about their rivers.</p>
	<p>Program partnerships for coordinated communication and delivery of the environmental watering program are strengthened.</p>	<p>Results of annual survey of key program delivery partners satisfaction with VEWH partnerships.</p>	<p>Partner satisfaction is an important measure for the VEWH to ensure our effectiveness in the environmental watering program.</p> <p>The Program Partner Survey to inform the 2021-22 annual report was not undertaken in the same complexity as past years; rather, a sample qualitative survey was commenced in the second half of the financial year. Refer to comments on page 18 for further details.</p>

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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 2021 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 2021-22 is 4.6 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 2021-22. Risk and Audit Committee supported. Operational risk workshops held with program partners in 2022. See Case Study 6 on page 19.

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

Responding to new information in the *Seasonal Watering Plan 2022-23*

- Ongoing prioritisation assessments by waterway managers identified two new sites that were included in the *Seasonal Watering Plan 2022-23*:
 - » North East CMA recommended a trial environmental watering event at Ryans Lagoon in the Upper Murray Wetlands system (Section 5.2.1) be conducted in 2022-23 if seasonal conditions allow. The site was identified as a priority in the Environmental Water Management Plan for the Murray floodplain between Hume Dam and the Kiewa River, and the trial will inform potential future watering at this site and other wetlands on the Upper Murray floodplain.
 - » Mallee CMA secured funding through the Victorian Government COVID-19 Stimulus Package to build water management infrastructure that would allow targeted environmental watering at Catfish Billabong in the lower Murray wetland system (Section 5.2.6) to support native fish and wading shorebirds. The works will be finished in winter 2022 and watering is planned for spring.
- A new watering action (trigger-based fresh) for the Loddon River has been included in section 5.7.1 of the *Seasonal Watering Plan 2022-23* to help manage low dissolved oxygen conditions that can occur at any time of year. Monitoring has shown that increasing flows within the target range can de-stratify pools and improve water quality when certain conditions occur.
- A new watering action has been included in the Goulburn River (Section 5.4.1 of the *Seasonal Watering Plan 2022-23*) to connect off-channel wetland and anabranch habitats in the mid Goulburn system that can support species of environmental and cultural significance. Goulburn Broken CMA developed the trial watering action in partnership with Taungurung Land and Water Council. Planned hydraulic, ecological and cultural monitoring during and after the event will be used to inform future watering actions.

Complementary works for improved environmental flows outcomes

- Construction of the Koondrook Weir fish ladder was completed in autumn 2022. The fishway construction was mostly funded from the proceeds of a sale of 10,000 ML of the VEWH's 2018-19 allocation. The fishway is part of a package of a broader suite of fishway works in the system being delivered by North Central CMA and Goulburn-Murray Water. See Case Study 2.
- Construction of a water regulator at Catfish Billabong (which is part of the lower Murray wetland system), commenced in 2021-22 and is due to be completed in early 2022-23. 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.

Case Study 2:

Koondrook fishway: a milestone fishway infrastructure investment by the VEWH

For the first time in over a century, thousands of native fish can now move freely between the Murray River and the rich habitat of Gunbower Creek with the completion of the Koondrook fishway.

Prior to construction, fish studies had shown that large numbers of native fish accumulated at Koondrook Weir trying to access the creek, but unable to get past the weir.

The completion of fishways at Koondrook and Cohuna connect 140 kilometres of Gunbower Creek to 530 kilometres of open Murray River, providing year-round passage to native fish, such as the iconic vulnerable Murray cod, trout cod and threatened golden perch, from the river into the creek. This dramatically improves the ability of those fish populations to feed and breed in prime fish habitat over a large area, improving outcomes of environmental watering and supporting the resilience and diversity of various native species.

Key partners including North Central CMA, Goulburn-Murray Water and DELWP took the project through a detailed design and costing phase and onto construction.

The Koondrook fishway was a significant milestone for the VEWH, with almost \$5.4 million of funding for the fishway design and construction secured through the sale of some of the VEWH's water allocation in northern Victoria in 2019. It is the largest individual project the VEWH has ever funded.

The decision to sell 10,000 ML from the Murray System in 2019 was made after conducting an assessment to ensure that all priority watering actions planned for dry conditions could be achieved for the 2018-19 watering year, and that there was enough water available for carry over into 2019-20 for critical watering.

Proceeds from the sale were then used to fund the Koondrook fishway, helping to ensure the VEWH's future environmental water allocations can be used effectively and efficiently with enduring benefits for the environment and the community.

This project highlights the importance of investing in infrastructure that can enhance long-term environmental watering outcomes.

The Koondrook fishway forms part of the *Native Fish Recovery Plan – Gunbower and lower Loddon*, which involves the large-scale, long-term and holistic rehabilitation of the network of creeks, lagoons, wetlands and floodplains in northern central Victoria.

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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 DELWP
- 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 3:

Living Murray monitoring outcomes in 2021-22

Monitoring associated with environmental watering in selected wetlands within Gunbower Forest in 2021-22, including activities funded by the Living Murray program, detected a positive response in aquatic vegetation and a high diversity of waterbird species. Two colonial waterbird breeding events were observed at Long Lagoon and Black Swamp, and a smaller breeding event occurred at Reedy Lagoon. The combination of water for the environment and natural inflows during spring provided a significant amount of wetland and fringing floodplain habitat for waterbird breeding and feeding throughout the Gunbower Island wetlands.

Monitoring at Hattah Lakes following spring watering detected approximately 1,900 colonial waterbird nests (mainly cormorants and darters) and more than 6,500 juveniles, and significant improvements in the condition of lignum and black box vegetation communities.

Environmental watering at Lindsay, Mulcra and Wallpolla Islands improved the canopy condition of river red gum trees compared to the previous year and the spring high flow through Mullaroo Creek triggered increased Murray cod movement.

Colonial waterbirds also bred in large numbers in Barmah Forest in response to spring environmental watering. Monitoring conducted during the year indicated that many birds were still on their nests late in the season and therefore additional environmental water was delivered to Boals Deadwood Lagoon to support the birds until their chicks fledged.

Traditional Owner participation and outcomes

- Traditional Owner partnerships with watering program partners have been developing over many years. Environmental water planning and management has been an ongoing collaborative effort between CMAs and Traditional Owners along parts of the Glenelg River, King River, Robertson Creek, 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 played a big role in the pumping of water to Horseshoe Lagoon in 2021-22. Taungurung has a special interest in the rehabilitation of Goulburn floodplain wetlands that are now largely disconnected from the river. In 2021-22, Taungurung identified biocultural values and assessed habitat condition at six of the disconnected wetlands in the mid-Goulburn.

- We acknowledge the current instruments and frameworks for management of water for the environment do not readily 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 4:

Talking water on Gunaikurnai Country

World Water Day 2022 formed the perfect backdrop for VEWH Commissioners, Chris Chesterfield, Peta Maddy, Jennifer Fraser and Rueben Berg to visit West Gippsland and see first-hand the challenges and opportunities for water for the environment in the region.

The visit, hosted by West Gippsland Catchment Management Authority (WGCMA) in partnership with Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) was an opportunity to learn, share knowledge and talk about future water needs and the intrinsic connection that Traditional Owners have had to land and waterways for millennia.

"We want to get a greater understanding of the priorities for water for the West Gippsland CMA and also for GLaWAC, and consider how we can help determine where water for the environment is best used," Peta said.

"A drying climate has seen water availability drop in the Latrobe and Thomson river systems over the last couple of decades – water held for the environment has a real role to play in the future to protect the health of these important waterways and the plants and animals that depend on them."

The Commissioners spent two days in the region focusing primarily on the role of water for the environment in the Latrobe river system from the upper reaches to the lower Latrobe wetlands. The lower Latrobe wetlands are an important component of the internationally-recognised Gippsland Lakes Ramsar site.

A key focus was to visit the Latrobe coal mines where Commissioners met with the Mine Land Rehabilitation Authority to talk about complex issues surrounding the rehabilitation of the mines, including the role that large volumes of water might play and the implications of that for the environment, Traditional Owners and the broader community.

In the lower reaches of the Latrobe, the Commissioners toured a private property to learn about the recent achievements of WGCMA in partnering with landholders to maximise the benefits of water for the environment.

Sale Common and Heart Morass in the lower Latrobe wetlands were the site for discussions about what a healthy wetland should look like, and talks with Gunaikurnai Traditional Owners on having a greater say in the planning and decision-making for water for the environment on Gunaikurnai Country.

"Traditional Owners want to be at the table, be involved and be part of the decision-making. This is important not just for Traditional Owners – it's also important for the health of Country and the whole community," Rueben said.

The Commissioners spoke of the importance of the visit to understand some of the more complicated water management issues and opportunities facing parts of West Gippsland.

"For us, it's about listening, learning, and talking," Jennifer said.

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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 at least 57 different social, recreational and economic benefits. This includes plans to support community events and tourism – including holding water for the environment in weir pools temporarily to improve conditions for fishing competitions, water skiing and rowing events. Water for the environment held in the weir pools is released after the community events to support ecological objectives further downstream.
- An example of where watering actions have considered social and recreational values in 2021-22 is watering that coincided with people enjoying the Glenelg River over the March long weekend (see Case Study 5). Environmental flows along the Glenelg were timed to coincide with the long weekend, and the legendary Johnny Mullagh cricket match. Despite COVID-19, these events were able to proceed, boosted by water for the environment to support the fishing, kayaking, camping and overall experience.
- 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 Co-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 5:

Johnny Mullagh Championship Cup – considering cultural and recreational values

In February 2022, the timing of a delivery of water for the environment in the western region was coordinated to provide a boost to the Glenelg River over the March long weekend.

The long weekend is a popular time to visit the Glenelg River when Traditional Owners, community members and holiday makers enjoy recreational activities such as swimming, camping, bird watching, paddleboarding, and kayaking.

The activity-packed weekend by the river also features the Johnny Mullagh Championship Cup, an annual cricket match between the Gunditj Mirring and Barengi Gadjin Traditional Owners. This important cultural event celebrates the 1868 Australian cricket team that toured England and was made up of Traditional Owners from the Harrow region.

From an environmental perspective, the intent of the environmental flows throughout the Glenelg system are to protect and maintain water quality to provide suitable habitat and ensure a range of refuges are available to support populations of water-dependant animals, such as platypus, rakali (native water rats) and water birds.

As a shared cultural and recreational benefit, the release of water for the environment prior to the 2022 March long weekend, supported water levels and improved water quality at Harrow, improving amenity and the experience for attendees of the Johnny Mullagh Cup.

By effectively coordinating the delivery of environmental flows to maximise environmental, cultural and recreational outcomes, water for the environment can provide shared benefits to the whole community.

Under existing legislation, Traditional Owner cultural values must be considered in the management of water for the environment. The VEWH looks forward to continuing to work with Traditional Owners to increase their influence in the planning and management of water for the environment.

Partner survey

- For several years, the VEWH has conducted an extensive program partner survey to help measure partner satisfaction with the VEWH. This survey has in the past enabled the VEWH to assess the feedback provided and determine priority areas for follow up and action. The VEWH sought efficiencies in 2021-22 in response to unprecedented organisational pressures from the COVID-19 pandemic, and instead collected partner satisfaction data through a number of qualitative interviews.

People Matter survey

- In 2021, 90 percent of VEWH staff participated in the Victorian Public Service 'People Matter' survey. Overall, the results of the survey were positive including:
 - » an increased positive result regarding support from senior leadership
 - » 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.
- Areas that have marginally shifted compared to last year and remain a priority focus of the People Strategy include stress and appropriate workload (see page 21).

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

- For 2021-22, the VEWH fulfilled 99 percent of *Water Act 1989*, DELWP'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 remaining to be completed. The metering program for the *Upper Barwon River Environmental Entitlement 2018* was deferred to account for new metering guidelines, which were issued by DELWP in 2021-22. Operating arrangements for the *Upper Barwon River Environmental Entitlement 2018* were finalised during the year.

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Case Study 6:

How risks are managed for the environmental watering program in Victoria

Recognising that shared responsibilities in the environmental watering program result in shared risks, in 2014 the VEWH worked with its partners to develop the Victorian Environmental Watering Program Risk Management Framework. The framework, which was last updated in 2021, articulates how partners in the program will work together to manage shared risks (as required by the Victorian Government Risk Management Framework) associated with the use of water for the environment in Victoria.

This framework is intended to complement individual organisational internal risk management processes and provide a consistent, overarching framework for managing shared risks associated with the cross-organisational activities that are essential for effective environmental water delivery. Implementation includes documentation of system-based operating arrangements, agreed responsibilities for mitigating actions, established incident reporting processes, and annual risk workshops with program partners.

In 2022, the VEWH organised a series of seven risk workshops for environmental water program partners, to undertake joint risk assessments for the 2022-23 seasonal watering proposals. The partners included CMAs, water corporations, Parks Victoria, Gunaikurnai Land and Waters Aboriginal Corporation, Gunditj Mirring Traditional Owners Aboriginal Corporation, CEWH, MDBA and DELWP. The workshop covered risk learnings from the previous year, a summary of watering actions completed and planned, risk assessment for the 2022-23 watering proposals, key mitigation actions, and improvements for the next year.

The annual series of workshops continues to evolve in response to the changing challenges that the Victorian environmental watering program faces. Prior to the pandemic, the workshops were typically held in person. This has shifted in the past two years to an online format, which has provided an effective format and the flexibility for more partners to input.

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 2021-22 to 2024-25*. 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 2021-22, 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 2021-22, 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:
 - » presenting the outcomes of the landscape-scale waterbird assessment for northern Victoria at the Australian Stream Management Conference in August 2021
 - » working with DELWP to establish the Victorian Environmental Water Leadership Group to create a forum for strategic discussion about a range of environmental water issues
 - » encouraging a focus on landscape-scale monitoring and research through membership of the VEFMAP/WetMAP Project Steering Committee 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
- collaborated with fish scientists from CSIRO to plan a project to synthesise information about how native fish use waterways throughout the southern Murray-Darling Basin and develop an information product that water managers, fish scientists and Traditional Owners can use to improve management and research
- 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 2021-22, the VEWH worked with Wimmera CMA to investigate current water sharing arrangements in Wartook Reservoir. The purpose of this project is to look at how the water sharing arrangements perform under different water availability scenarios (including more frequent dry periods under climate change), and the subsequent effect those arrangements will have on the ability to deliver environmental flows in the MacKenzie River and Burnt Creek systems. This project is due to be completed in 2022-23. In 2021-22, the VEWH also continued to work with DELWP 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 Wimmera CMA engaged a consultant to estimate the potential environmental benefit of watering the selected refuge pools and develop individual site management plans. A project report completed in late 2021 identified four sites in the lower Wimmera River where water for the environment could be delivered via the Wimmera Mallee Pipeline to maintain refuge habitat for native fish during cease to flow conditions. Wimmera CMA is investigating the feasibility of connecting these sites to the pipeline network.

Improved operational (i.e. policy) environment

In 2021-22, 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:

- Gippsland and Central Region Sustainable Water Strategy
- Regulatory Impact Statement for the lower Goulburn River relating to Inter-valley transfers (IVT)
- Goulburn-Murray trade review
- Latrobe Valley Regional Rehabilitation Strategy (LVRRS)
- delivery rights
- Basin Plan and Sustainable Diversion Limit Adjustment Measure (SDLAM) projects
- regional catchment strategies for the North Central CMA and Goulburn Broken CMA
- the draft *Water is Life: Aboriginal Access to Water Roadmap*.

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Improved water governance

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

Our Communities

Strategic focus area: Support Traditional Owner self-determination and influence in the environmental watering program.

In 2021-22, the VEWH shared with Traditional Owners and other partners its commitment to working with Traditional Owners to support self-determination in the environmental watering program (see Case Study 4). The VEWH subsequently discussed how it will honour the commitment with a number of Traditional Owners and other partners.

In 2021-22, the VEWH had many discussions with Traditional Owner groups and continued to collaborate with partners to support self-determination and increase Aboriginal influence in the program (e.g. through the Southern Connected Basin Environmental Water Committee). Regular meetings were held with the Murray Lower Darling Rivers Indigenous Nations and the Federation for Victorian Traditional Owner Corporations and with DELWP – especially regarding the forthcoming Victorian Waterway Management Strategy and the draft *Water is Life: Aboriginal Access to Water Roadmap*.

In November 2021, all VEWH staff and Commissioners participated in cultural awareness training lead by VEWH Commissioner and Gunditjmara man Rueben Berg.

The VEWH continued to support Traditional Owners' objectives through watering priority sites (e.g. Horseshoe Lagoon, Ranch Billabong). The VEWH also provided funding to support the direct participation of Traditional Owners in environmental flow management and outcomes at particular sites (e.g. supporting Barapa Barapa and Wamba Wamba to undertake planning, delivery and monitoring of environmental water at Guttrum Forest with North Central CMA).

Traditional Owner groups supported the development of seasonal watering proposals and the *Seasonal Watering Plan 2022-23*. 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.

Our Culture

Strategic focus area: People Strategy implementation.

In 2021-22, the VEWH updated its People Strategy in line with results from the Victorian Public Service 'People Matter' survey and to build on the key objectives and actions from the 2020 People Strategy. The key objectives of the 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.

The strategy outlines a range of actions to achieve these objectives under three key focus areas:

- '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.

Operational Performance (Implementing the seasonal watering plan)

The *Seasonal Watering Plan 2021-22* identified 309 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 309 potential watering actions identified in the *Seasonal Watering Plan 2021-22*, 44 (i.e. 14 percent) were not required for the following reasons:

- Pre-requisite seasonal conditions, ecological or hydrological triggers did not occur (affected 32 potential watering actions).
- The watering action was not essential to be delivered in 2021-22 to achieve environmental objectives (i.e. Tier 2 watering actions)¹ and could not be delivered opportunistically (affected 12 potential watering actions).

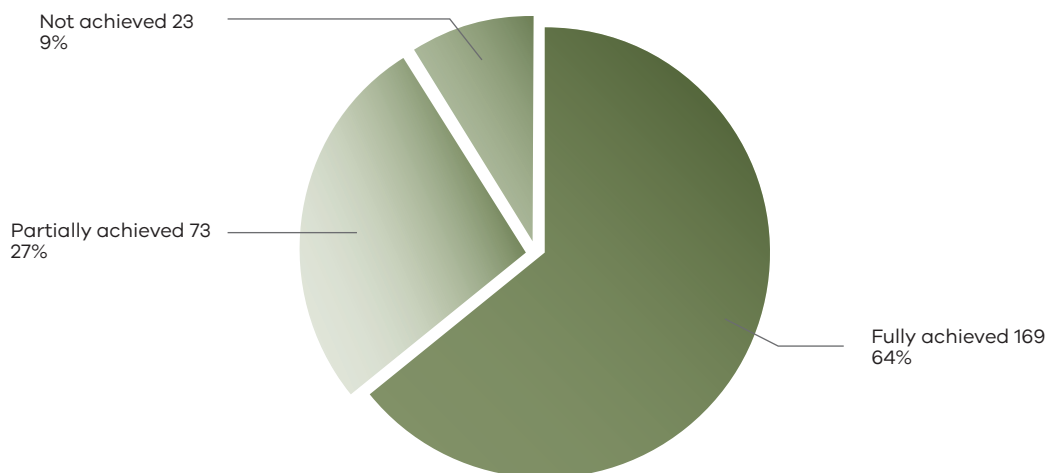
Specifying the relative importance of potential watering actions and the pre-requisite conditions for their delivery is an important aspect of the environmental water planning process. It supports adaptive management and effective use of the Water Holdings throughout the year.

In 2019-20, the VEWH adopted a new method for assessing achievement of potential watering actions. The new 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. The new method 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 to 2021- 22 (see Figure 1.3 and Table 1.2). It is expected that the new method will be used for all foreseeable future assessments.

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 25-99 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 one percent (i.e. 242 out of 265) of watering actions that were required in 2021-22 either fully or partially achieved their intended hydrological outcomes. Nine percent (i.e. 23 out of 265) of required potential watering actions in 2021-22 did not achieve their intended hydrological outcomes (see Figure 1.2).

Figure 1.2 Achievement of required potential watering actions in 2021-22



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.

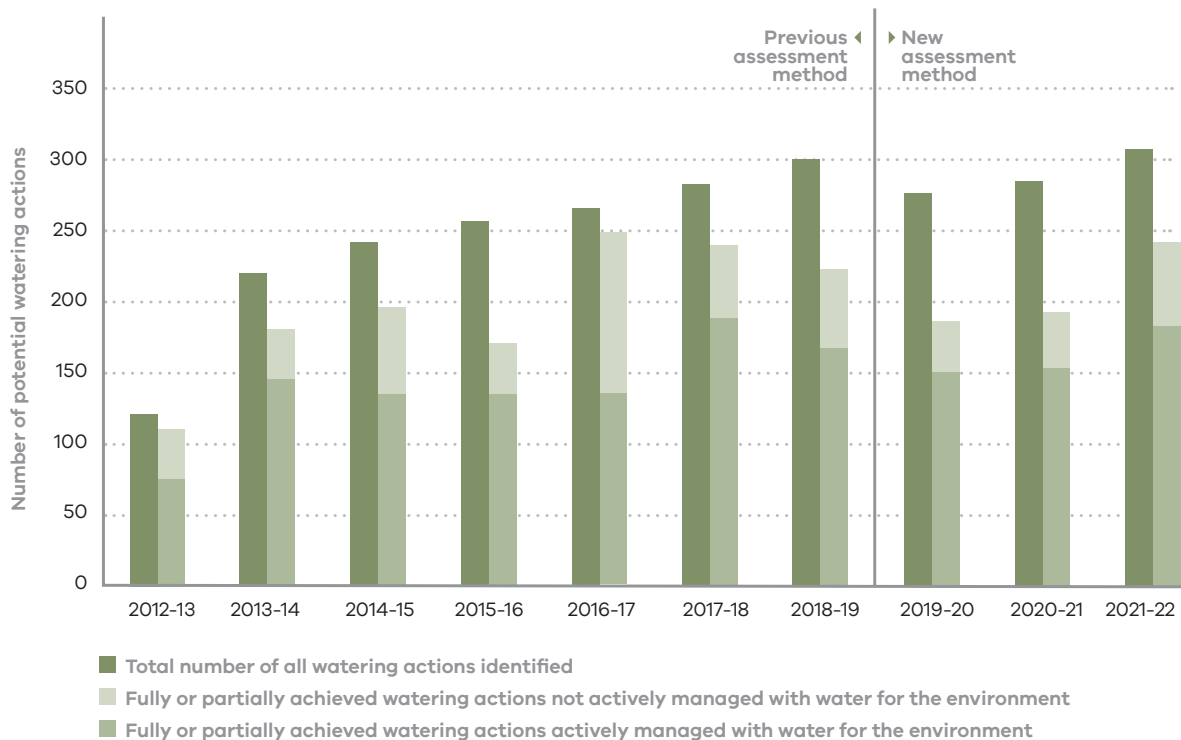
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Seventy six percent (184) of fully or partially achieved watering actions had some contribution from the environmental Water Holdings. The remaining watering actions were fully or partially achieved through passing flows, natural flows, unregulated flows and/or the delivery of consumptive water.

Figure 1.3 shows the number of potential watering actions that were planned each year since 2012-13, 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 38 waterways) and 81 wetlands giving a total of 170 sites across Victoria. The number of sites watered since the VEWH's inception is illustrated in Figure 1.4. The number of sites watered increased substantially in 2013-14 due to:

- an increase in the volume of water held in environmental entitlements
- increased availability of Commonwealth water for the environment
- infrastructure improvements that allowed delivery to more floodplain and wetland sites.

The number of sites watered each year between 2013-14 and 2016-17 fluctuated due to climatic conditions, water availability and infrastructure improvements, but has been relatively stable over the last five years.

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 2012-13 to 2021-22. Specific targets are not set for these indicators because the number required varies due to seasonal and operational conditions throughout the year.

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Table 1.2 Comparison of watering performance over the past 10 years

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 ¹	2020-21	2021-22
Potential watering actions										
Number of actions and as percentage of total number of actions identified										
Total no. of actions identified	122	222	243	258	266	283	301	278	286	309
Total no. of actions required			232	226	255	263	242	214	211	265
Actions fully achieved (number and percent of total)	81 66%	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%)
Actions partially achieved (number and percent of total)	30 25%	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%)
Actions not achieved (number and percent of total)	11 9%	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%)
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	74 67%	147 81%	135 69%	135 79%	136 54%	189 78%	168 75%	151 81%	154 79%	184 76%
Not actively managed with water for the environment ³	37 33%	34 19%	61 31%	36 21%	114 45%	52 22%	55 25%	36 19%	40 21%	58 24%
Other indicators										
Total number of river reaches and wetlands watered	63	145	129	146	127	171	168	168	171	170
Total number of seasonal watering statements and authorisations	60	95	59	64	52	48	54	61	55	58

1. VEWH is using a new 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.
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 54 seasonal watering statements and four watering authorisations during 2021-22. 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 the following seven variations to the *Seasonal Watering Plan 2021-22*:

- Section 5.2.1 Barmah Forest – to enable a higher low flow in autumn/winter 2022
- Section 5.2.6 Lindsay, Mulcra and Wallpolla islands; two variations: – i) to allow water for the environment to be delivered in spring to Lindsay-Mullaroo connector, a wetland on Lindsay Island, and ii) to allow water for the environment to be delivered in autumn 2022 to fully meet environmental objectives following minor natural inundation in spring 2021
- Section 5.4.1 Goulburn River – to enable a flow trial to maintain off-stream habitat adjoining the mid-Goulburn River during autumn/winter 2022
- Section 5.5.2 Lower Broken Creek – to allow higher magnitude low flows to be delivered in the lower Broken Creek between spring 2021 and autumn 2022
- Section 5.5.3 Broken wetlands – to allow Moodie Swamp to be filled in winter/spring 2021
- Section 5.7.2 Boort wetlands – to enable a fill at Lake Meran in autumn 2022.

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 2022, the VEWH Water Holdings comprised 23 bulk or environmental entitlements and 107 water shares¹. The total long-term average water availability of the Water Holdings is approximately 645,000 ML. Water availability under these entitlements varies and may be greater or less than 645,000 ML in any given year.

In March 2022, the entitlement volumes for mitigation water accounts under the *Environmental Entitlement (River Murray – NVIRP Stage 1) 2012* and the *Environmental Entitlement (Goulburn System – NVIRP Stage 1) 2012* were adjusted based on an annual audit of the long-term water savings achieved through the project to date. The adjustment resulted in a net increase of 193 ML to the Water Holdings across the Goulburn and Murray systems.

Changes were made to three water entitlements in 2021-22:

- *Bulk Entitlement (Loddon River – Environmental Reserve) Order 2005 and the Environmental Entitlement (Goulburn system – Living Murray) 2007*

Through a project to clarify and streamline resource manager appointments, DELWP, Goulburn-Murray Water and VEWH identified that these entitlements mistakenly attributed obligations being undertaken by the storage manager to the resource manager. The amendments corrected this by changing the relevant resource manager references to storage manager. Additional minor administrative changes were made.

- *Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999*

Amendments to the Order were required as a consequence of the 'Operating Rule Change to Use of the Barmah-Millewa Forest Environmental Water Allocation' Sustainable Diversion Limit (SDL) adjustment project.

¹ Includes entitlements and water shares held in trust for the Living Murray program. A typographical error occurred in the 2020-21 annual report where it was reported that VEWH holds 25 entitlements and 107 water shares when in fact it should have been reported as 23 entitlements and 107 water shares.

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The main change to the Barmah-Millewa Forest Environmental Water Allocation prevents a release being triggered if a four-month flood has already occurred during the year.

Other minor changes are being incorporated into the operating rules in the Orders including a change to reflect the shift of responsibility for Barmah-Millewa Forest Environmental Water Allocation -related decision-making from the Murray-Darling Basin Commission (now the Murray-Darling Basin Authority) to Victoria and New South Wales.

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

Water availability and use

The VEWH had access to a total of 1,525,978 ML of water for the environment in 2021-22. The volume included:

- water carried over by the VEWH and the Living Murray program from 2020-21
- allocations and water made available to the VEWH and the Living Murray program in 2021-22
- water made available by the CEWH
- water delivered that was accessible as return flows
- water donations received and water purchased.

The reported volume that was accessible to the VEWH in 2021-22 does not include:

- carryover that was lost from spillable water accounts in the Murray system during 2021-22
- water that was made available for the Snowy River water recovery project, which is reported within the trade sub-heading below.

In total, 994,260 ML of water for the environment was delivered in Victoria in 2021-22. The volume includes:

- 304,158 ML of water made available by the VEWH
- 591,406 ML of water made available by the CEWH
- 98,696 ML made available by the Living Murray program.

The total delivered does not include VEWH water delivered to the Snowy River by the New South Wales Department of Industry between 1 May 2021 and 30 April 2022.

The VEWH receives allocations against its entitlements progressively throughout the year, which influences patterns of use. Some of the water that was available during 2021-22 was deliberately prioritised for carryover to support priority watering actions early in 2022-23. Other water that was available in 2021-22 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 some or all of the required watering actions for the year (e.g. many systems in Gippsland)
- operational decisions and lack of delivery rights for environmental water prevented delivery of required watering actions (e.g. delivery caps in the Goulburn system that were put in place to manage inter-valley transfers)
- 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 2021-22 was carried over (subject to entitlement conditions) for use in 2022-23 or beyond (see page 29 for more discussion of carryover).

Table 1.3 compares net water availability and delivery across Victoria for 2012-13 to 2021-22.

Table 1.3 Water availability and delivery by region and for the state from 2012-13 to 2021-22

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Total volume available (ML)										
Southern Victoria (Gippsland + Central)	85,050	111,257	108,951	88,263	109,823	123,741	102,150	126,010	147,433	158,989
Gippsland region ^{1,2}	Not reported separately	48,124	52,219	48,081	53,648	73,186	62,905	80,700	85,675	89,110
Central region ¹		63,133	56,732	40,182	56,176	50,554	39,245	45,310	61,758	69,879
Western region	82,296	60,401	45,347	16,373	53,582	79,126	58,503	49,771	49,666	59,007
Northern region	597,789	933,883	840,247	999,130	882,239	1,179,141	911,540	991,234	991,469 ²	1,307,982 ²
Total Victoria⁷	765,135	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
Total volume delivered (ML)										
Southern Victoria (Gippsland + Central)	41,060	49,130	62,974	40,922	48,478	76,606	55,046	44,469	43,338	53,235
Gippsland region ³	Not reported separately	27,351	28,872	28,797	20,637	45,180	33,325	34,696	28,609	19,350
Central region		21,780	34,102	12,125	27,841	31,426	21,721	9,773	14,729	33,885
Western region ^{4,5}	50,277	30,004	33,720	8,112	13,585	39,664	34,162	23,079 ⁶	18,431	27,207
Northern region ⁵	345,904	730,543	549,073	640,498	644,405	802,830	457,421	822,679	592,816	913,818
Total Victoria⁷	437,241	809,678	645,767	689,532	706,468	919,100	546,629	890,227	654,585	994,260

Tables 1.4, 1.5, 1.6 and 1.7 summarise the water availability and use under the VEWH entitlements in 2021-22 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 VEWH⁸.

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. Reported separately for the first time in 2013-14. Details for the Gippsland and central regions have been included as subtotals of the southern Victorian region from 2013-14 onwards.

2. Does not include allocation to entitlements as part of the Snowy River water recovery project.

3. Does not include water delivered to the Snowy River from Lake Jindabyne in New South Wales.

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 and 2018-19 and in the Ovens River from 2013-14 to 2017-18.

6. Excludes 1,562 ML of Commonwealth environmental water delivered in the Wimmera by the CEWH under a supply agreement between CEWH and GWMWater.

7. Total volumes may differ to regional volumes due to rounding.

8. Passing flows under the following entitlements are not reported in water account summaries: Tarago and Bunyip Rivers Environmental Entitlement 2009, Yarra River Environmental Entitlement 2006, Moorabool River Environmental Entitlement 2010, Silver and Wallaby Creeks Environmental Entitlement 2006.

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Return flows

In some systems, water for the environment delivered through upstream sites can be used at downstream sites. The water credited to VEWH accounts for use at downstream sites is called return flows. Return flows help to 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.

Of the total water for the environment delivered in northern Victoria in 2021-22, 65 percent of those flows were able to be recredited to the VEWH for use at sites downstream, after losses were applied. The total volume of water that was re-credited to VEWH water allocation accounts for return flows delivered through upstream sites to the Murray River was 607,709 ML. This included:

- 320,189 ML from the Goulburn River
- 158,687 ML from Murray River upstream of Barmah Choke
- 61,336 ML from the lower Broken Creek
- 32,657 ML from the Campaspe River
- 15,650 ML from Hattah Lakes
- 10,119 ML from Gunbower Forest
- 9,071 ML from the Loddon River.

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

- 295 ML was used at sites within Gunbower Forest
- 212 ML was used in Pyramid Creek
- 130 ML was used in the central Murray wetlands
- the remaining volume of return flows in the Murray River 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 2021-22, 547,016 ML of water for the environment remained available to the VEWH. This represents 36 percent of the VEWH's net water availability last year. The total carryover is comprised of the following Water Holdings:

- 197,837 ML available under the Victorian share of the Barmah-Millewa Environmental Water Allocation in the Murray system
- 56,000 ML of River Murray Increased Flows Allocation and 141,485 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
- 151,694 ML that was carried over in VEWH accounts across Victoria and is available for use in 2022-23 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 DELWP 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 2021-22 including:

- water transferred from the Goulburn to meet environmental watering demands in the Loddon and Campaspe systems
- transfers of the VEWH and the Living Murray 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
- return unused water

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- account for delivery of environmental water to South Australia.

In 2021-22, the following transfers with other environmental water holders occurred:

- a net volume of 542,430 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
- 607,617 ML of return flows was recredited 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, 460,834 ML was Commonwealth environmental water, 88,584 ML VEWH water and 58,199 ML the Living Murray program water¹.

Administrative transfers as part of the Snowy River water recovery project

Victorian water for the environment available for use in the Snowy system is held by the VEWH in the Murray, Goulburn and Loddon systems. This water is made available for environmental flows in the Snowy 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 and another portion is set aside to be made available for River Murray Increased Flows. 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 2021-22.

In 2021-22, the VEWH transferred 88,133 ML to the Snowy inter-valley transfer account. The subtotals transferred from each system were as follows:

- Murray system – 49,090 ML
- Goulburn system – 38,573 ML
- Loddon system – 470 ML

The volumes were equivalent to allocations made to the VEWH's environmental entitlements and water shares for the Snowy system from 1 February 2021 to 17 January 2022.

Other types of administrative transfers

The Taungurung Land and Water Council Aboriginal Corporation (TLWCAC) 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:

- 71 ML in the Goulburn system
- 56 ML in the Ovens system (King River)
- 14 ML in the Murray system.

Commercial allocation trade

The VEWH sold 12,000 ML of allocation from the Murray system (trading zone 7) in 2021-22. The decision to sell was made by the VEWH Commission on 16 March 2022. The water was sold in staged parcels throughout April and May 2022 and generated net revenue of \$674,748 after transaction costs. See Case Study 7 on page 32.

The VEWH purchased 314.5 ML from diversion licence holders in the Maribyrnong system in October 2021 for \$23,842. 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 and freshes in the Maribyrnong River in summer and autumn.

¹ The volume of return flows recredited to South Australia (607,617 ML) is more than the volume of return flows reported as available under the 'return flows' subheading (607,709 ML) because the return flows recredited to South Australia include water delivered in June 2021.

Case Study 7:

Water sale in northern Victoria

The VEWH holds, manages and uses Victoria's environmental water entitlements to protect the health of the rivers, waterways and landscapes.

As part of managing these entitlements, the VEWH sometimes sells volumes of water allocation and invests the revenue in projects to support outcomes for the environment. The VEWH also buys available allocation to help meet environmental demands in certain systems.

In 2021-22, the VEWH sold 12,000 megalitres of its water allocation in the northern Victorian water market.

The water was from the Murray trading zone seven (below the Barmah choke to South Australia) and was made available following the VEWH's assessment that there was sufficient carryover to meet 2022-23 requirements.

The sale was the first since autumn 2019 following a return to higher water availability over the past two years.

The VEWH's assessment considered the delivery of significant volumes of water for the environment to northern Victoria in 2021-22 which had maximised the environmental outcomes that come with wetter conditions.

The sale was conducted through selected brokers and online exchanges.

Revenue from the sale of water allocation can be invested into 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.



Table 1.4 VEWH water account summary in the Gippsland region in 2021-22

VEWH Water Holdings 2021-22 – Gippsland region												
River system	Entitlement	Reliability	Entitlement volume or share of inflows at 1 July 2021 (ML)	Carryover from 2020-21 (ML)	Allocation (ML)	Share of inflows (ML)	Net trade (ML)	Adjustments (ML) ¹	Total available water (ML)	Water use (ML)	Allocation loss in season	Closing balance (ML)
				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	18,802.5	0.0	255.2	0.0	-317.4	18,740.3	0.0	0.0	18,740.3
Thomson	Bulk Entitlement (Thomson River – Environment) 2005	High	10,000.0 ML + 3.9% inflows	20,936.0	10,000.0	11,063.0	0.0	0.0	41,999.0	-18,960.0	0.0	23,039.0
		Passing flows ²	n/a	0.0	0.0	n/a	n/a	0.0	0.0	0.0	0.0	0.0
Macalister	Macalister River Environmental Entitlement 2010	High	12,460.9	3,450.9	12,460.9	0.0	0.0	0.0	15,911.8	-390.0	-3,450.9	12,070.9
		Low	6,229.5	6,229.5	6,229.5	0.0	0.0	0.0	12,459.0	0.0	-6,229.5	6,229.5
GIPPSLAND TOTAL				49,418.9	28,690.4	11,318.2	0.0	-317.4	89,110.1	-19,350.0	-9,680.4	60,079.7

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

2. Under entitlement rules, Thomson 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 1.5 VEWH water account summary in the central region in 2021-22

VEWH Water Holdings 2021-22 – central region														
River system	Entitlement	Reliability	Entitlement volume (ML) or share of inflows at 1 July 2021	Carryover from 2020-21 (ML)	Allocation (ML)	Share of inflows (ML)	Return flow recredit (ML)	Net trade (ML)	Adjustments (ML) ¹	Total available water (ML)	Water use (ML)	Allocation loss in season	Evaporation deduction (ML)	Closing balance (ML)
				A	B	C	D	E	F	G = A+B+C+D+E+F	H	I	J	K = G+H+I+J
Yarra	Yarra River Environmental Entitlement 2006	High	17,000.0	34,633.0	0.0	17,000.0	0.0	0.0	0.0	51,633.0	-26,945.0	0.0	n/a	24,688.0
Tarago	Tarago and Bunyip Rivers Environmental Entitlement 2009	Share of inflows	10.3% inflows	3,000.0	0.0	542.0	0.0	0.0	438.0	3,980.0	-951.0	-29.0	n/a	3,000.0
Maribyrnong	Water use registration	n/a	n/a	0.0	0.0	0.0	0.0	314.5	0.0	314.5	-314.5	0.0	n/a	0.0
Werribee	Werribee River Environmental Entitlement 2011	Share of inflows	10% inflows	1,189.5	0.0	1,379.0	0.0	0.0	267.6	2,836.1	-1,470.1	0.0	n/a	1,366.0
	VEWH water shares	High	734.1	102.4	631.7	0.0	0.0	0.0	0.0	734.1	-734.1	0.0	n/a	0.0
		Low	360.8	360.8	0.0	0.0	0.0	0.0	0.0	0.0	360.8	-57.9	0.0	-45.4
Moorabool	Moorabool River Environmental Entitlement 2010	Share of inflows	11.9% inflows	5,109.9	0.0	1,154.4	0.0	0.0	907.1	7,171.4	-2,563.0	0.0	n/a	4,608.4
Barwon	Upper Barwon River Environmental Entitlement 2018	Share of inflows	3.8% inflows	829.8	0.0	1867.5	0.0	0.0	151.8	2,849.2	-849.2	0.0	n/a	2,000.0
CENTRAL VICTORIA TOTAL				45,225.4	631.7	21,942.9	0.0	314.5	1764.5	69,879.1	-33,884.8	-29.0	-45.4	35,919.9

¹ 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 2021-22

VEWH Water Holdings 2021-22 – western region											
River System	Entitlement	Reliability	Entitlement volume at July 2021 (ML)	Carryover from 2019-20 (ML)	Carryover lost to spill	Allocation (ML)	Net Trade (ML)	Total available water (ML)	Water use (ML)	Evaporation deduction (ML)	Closing balance (ML)
				A	B	C	D	E = A+B+C+D	F	G	H = E+F+G
Wimmera and Glenelg	Wimmera Glenelg Rivers Environmental Entitlement 2010	Wimmera-Mallee pipeline product high reliability	40,560.0	25,279.3	0	25,552.8	0.0	50,832.1	-20,052.9	-4,616.87	26,162.3
		Wimmera-Mallee wetlands high reliability ¹	1,000.0	414.0	0	60.0	0.0	474.0	-115.3	-53.80	304.9
		Passing flows	n/a	1,007.9	0	6,693.0	0.0	7,700.9	-7,038.8		662.1
WESTERN VICTORIA TOTAL			41,560.0	26,701.2	0.0	32,305.8	0.0	59,007.0	-27,207.0	-4,670.7	27,129.3

¹ 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 2021-22

VEWH Water Holdings 2021-22 – northern region																			
Entitlement	Reliability	Entitlement at 1 July 2021 (ML)	Carryover from 2020-21 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Special rule borrow (ML)	Return flow credit (ML) ²	Net transfer CEW (ML)	Net transfer TLM (ML)	Net transfer VEWH (ML)	Donations (ML)	Adjustments (ML)	Total available water (ML)	Water use (ML)	Water use credit (ML)	Commercial trade (ML)	Allocation loss in season (ML)	Evaporation deduction (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K = A+B+C+D+E+F+G+H+I+J	L	M	N	O	P	Q = K+L+M+N+O+P
Victorian Murray system																			
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - VEWH allocation	High	45,266.5	34,454.6	-34,454.6	45,266.5	0.0	550,050.1	31,645.7	0.0	-564,302.5	14.0	0.0	62,673.8	-50,425.7	0.0	-12,000.0	0.0	-12.4	235.7
	Low	8,522.8	8,096.6	-8,096.6	8,522.8	0.0	0.0	134,622.6	0.0	5,909.6	0.0	0.0	149,055.0	-143,162.9	0.0	0.0	0.0	-293.0	5,599.1
	Unregulated	49,000.0	0.0	0.0	48,999.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	48,999.9	-48,999.9	0.0	0.0	0.0	0.0
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - Barmah-Millewa Environmental Water Allocation	High	50,000.0			50,000.0														
	Low	25,000.0	243,050.0 ³	-168,260.0	25,000.0	0.0	0.0	0.0	0.0	0.0	0.0	99,700.0 ⁴	249,490.0	-47,892.5	0.0	0.0	0.0	-3,760.0	197,837.5
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - River Murray Increased Flows allocation	Provisional	n/a	25,000.1	0.0	56,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	81,000.1	-25,000.0	0.0	0.0	0.0	0.0	56,000.1
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - TLM allocation	High	9,589.0	7,092.8	-2,616.8	9,589.0	0.0	0.0	0.0	10,771.9	0.0	0.0	0.0	24,836.9	-17,352.0	0.0	0.0	0.0	0.0	7,485.0
	Low	101,849.9	540.1	-0.1	101,849.9	0.0	57,658.9	0.0	-58,198.9	0.0	0.0	0.0	101,849.9	0.0	0.0	0.0	0.0	0.0	101,849.9
	Unregulated	34,300.0	0.0	0.0	34,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-34,000.0	-34,000.1	0.0	0.0	0.0	0.0	0.0
Environmental Entitlement (River Murray - NVIRP Stage 1) 2012 ¹	n/a	1,207.0	1,161.9	-522.9	568.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,207.0	0.0	0.0	0.0	0.0	-60.4	1,146.7
Water shares - Living Murray Program	High	12,266.9	10,148.0	-10,148.0	12,266.9	0.0	0.0	0.0	-10,771.9	0.0	0.0	0.0	1,495.0	0.0	0.0	0.0	0.0	0.0	1,495.0



Table 1.7 VEWH water account summary in the northern region in 2021-22

VEWH Water Holdings 2021-22 – northern region																			
Entitlement	Reliability	Entitlement at 1 July 2021 (ML)	Carryover from 2020-21 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Special rule borrow (ML)	Return flow credit (ML)	Net transfer CEW (ML)	Net transfer TLM (ML)	Net transfer VEWH (ML)	Donations (ML)	Adjustments (ML)	Total available water (ML)	Water use (ML)	Water use credit (ML)	Commercial trade (ML)	Allocation loss in season (ML)	Evaporation deduction (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K = A+B+C+D+E+F+G+H+I+J	L	M	N	O	P	Q = K+L+M+N+O+P
Ovens system																			
King system water use registration	n/a	0.0	0.0	0.0	0.0	0.0	0.0	50.0	0.0	0.0	92.0	0.0	142.0	-142.0	0.0	0.0	0.0	0.0	0.0
Ovens system water use registration	n/a	0.0	0.0	0.0	0.0	0.0	0.0	73.0	0.0	0.0	0.0	0.0	73.0	-73.0	0.0	0.0	0.0	0.0	0.0
Goulburn system																			
Environmental Entitlement (Goulburn System - Living Murray) 2007	High	39,625.0	19,163.2	0.0	39,625.0	0.0	0.0	0.0	-6,525.6	0.0	0.0	0.0	52,262.6	-33,088.5	0.0	0.0	0.0	-0.5	19,173.6
	Low	156,980.0	14,097.4	0.0	0.0	0.0	0.0	0.0	12,084.6	0.0	0.0	0.0	26,182.0	-14,097.4	0.0	0.0	0.0	-604.2	11,480.4
Environmental Entitlement (Goulburn System - NVIRP Stage 1) 2012 ¹	n/a	1,891.0	1,597.9	0.0	1,198.0	0.0	0.0	0.0	0.0	693.0	0.0	0.0	3,488.9	-1,597.9	0.0	0.0	0.0	-94.6	1,796.4
Goulburn River Environmental Entitlement 2010	High	26,554.8	13,145.3	0.0	26,554.8	0.0	0.0	0.0	0.0	-527.6	0.0	0.0	39,172.5	-29,113.4	14,206.4	0.0	-16,792.7	-373.6	7,099.1
	Low	5,791.8	5,502.0	0.0	0.0	0.0	0.0	362,723.3	0.0	218.8	71.0	0.0	368,515.1	-413,949.5	55,818.7	0.0	-4,592.2	-289.6	5,502.5
Water shares - Living Murray Program	High	5,559.0	0.1	0.0	5,559.0	0.0	0.0	0.0	-5,559.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.1
Broken system																			
Broken system water use registration	High	90.0	0.0	0.0	90.0	0.0	0.0	1,360.7	0.0	1,325.0	0.0	0.0	2,775.7	-2,763.2	0.0	0.0	0.0	-1.6	10.9
	Low	18.9	0.0	0.0	18.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.9	0.0	0.0	0.0	0.0	0.0	18.9

Table 1.7 VEWH water account summary in the northern region in 2021-22

VEWH Water Holdings 2021-22 – northern region																			
Entitlement	Reliability	Entitlement at 1 July 2021 (ML)	Carryover from 2020-21 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Special rule borrow (ML)	Return flow recredit (ML)	Net transfer CEW (ML)	Net transfer TLM (ML)	Net transfer VEWH (ML)	Donations (ML)	Adjustments (ML)	Total available water (ML)	Water use (ML)	Water use credit (ML)	Commercial trade (ML)	Allocation loss in season (ML)	Evaporation deduction (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K = A+B+C+D+E+F+G+H+I+J	L	M	N	O	P	Q = K+L+M+N+O+P
Campaspe system																			
Campaspe River Environmental Entitlement 2013	High	20,652.0	3,795.1	0.0	20,652.0	0.0	0.0	8,598.8	0.0	2,923.1	0.0	0.0	35,969.0	-32,407.6	0.0	0.0	0.0	-178.1	3,383.3
	Low	2,966.0	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	0.0
Campaspe River withheld passing flow account ²	Passing flows	N/a	455.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	455.1	0.0	0.0	0.0	0.0	-22.8	432.3
Coliban withheld passing flow account ²	Passing flows	N/a	632.7	0.0	725.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,358.2	-213.8	0.0	0.0	-650.8	-31.7	461.9
Environmental Entitlement (Campaspe River - Living Murray Initiative) 2005	High	126.0	32.8	0.0	126.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	158.8	-158.0	0.0	0.0	0.0	0.0	0.8
	Low	5,048.0	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	0.0



Table 1.7 VEWH water account summary in the northern region in 2021-22

VEWH Water Holdings 2021-22 – northern region																			
Entitlement	Reliability	Entitlement at 1 July 2021 (ML)	Carryover from 2020-21 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Special rule borrow (ML)	Return flow recredit (ML) ¹	Net transfer CEW (ML)	Net transfer TLM (ML)	Net transfer VEWH (ML)	Donations (ML)	Adjustments (ML)	Total available water (ML)	Water use (ML)	Water use credit (ML)	Commercial trade (ML)	Allocation loss in season (ML)	Evaporation deduction (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K = A+B+C+D+E+F+G+H+I+J	L	M	N	O	P	Q = K+L+M+N+O+P
Loddon system																			
Bulk Entitlement (Loddon River - Environmental Reserve) Order 2005	High	2,000.0	2,000.0	0.0	2,000.0	0.0	0.0	0.0	0.0	4,893.7	0.0	0.0	8,893.7	-6,893.7	0.0	0.0	0.0	0.0	2,000.0
	High	1,480.0	0.0	0.0	1,480.0	0.0	0.0	0.0	0.0	-551.5	0.0	0.0	928.5	-928.5	0.0	0.0	0.0	0.0	0.0
	Trigger based	7,490.0	0.0	0.0	7,490.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,490.0	-7,087.5	0.0	0.0	-402.6	0.0	-0.1
	Low	2,024.0	0.0	0.0	0.0	0.0	0.0	0.0	3,356.0	0.0	0.0	0.0	3,356.0	-3,355.3	0.0	0.0	0.0	0.0	0.7
Loddon River deficit and reimbursement account	Trigger based	n/a	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	0.0
Loddon River freshening flows account	High	828.0	0.0	0.0	828.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	828.0	-828.0	0.0	0.0	0.0	0.0	0.0
Loddon River withheld passing flow account	Passing flows	n/a	0.0	0.0	818.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	818.6	0.0	0.0	0.0	0.0	-40.9	777.7
Loddon River unregulated flows	Unregulated	n/a	0.0	0.0	288.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	288.1	-288.1	0.0	0.0	0.0	0.0	0.0
Environmental Entitlement (Birch Creek – Bullarook System) 2009	Trigger based	100.0	100.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	200.0	0.0	0.0	0.0	-100.0	0.0	100.0
NORTHERN VICTORIA TOTAL		616,226.6	390,065.8	-224,099.0	499,616.9	0.0	607,709.0	542,430.1	-58,198.9	-549,418.4	177.0	99,700.0	1,307,982.5	-913,818.6	70,025.0	-12,000.0	-22,538.3	-5,763.2	423,887.3

- Total entitlement volume includes water savings and mitigation water from the Goulburn-Murray Connections project Stage One in 2018-19 based on an annual audit of long-term water savings achieved through the project. From 2019-20 onward, the water savings have been converted to high and low reliability water shares and included in two existing entitlements – The Bulk Entitlement (River Murray Flora and Fauna) Conversion Order and the Goulburn River Environmental Entitlement 2010. The mitigation water remains in this entitlement in 2020-21 and continues to receive allocation based on the annual audit of the Connections project.
- 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.
- Carryover increased from by 170 ML as a result of updated data by MDBA.
- 99,700 ML of Barmah Millewa Forest Environmental Water Allocation was paid back to VEWH during 2021-22.

Table 1.8 VEWH water account summary for the Snowy Environmental Reserve in 2021-22

VEWH Water Holdings 2021-22– Snowy Environmental Reserve										
River System	Entitlement	Reliability	Entitlement at 1 July 2021 (ML)	Carryover from 2019-20 (ML)	Carryover lost to spill	Allocation (ML)	Net transfer (ML)	Water available after transfer (ML)	Evaporation deduction (ML)	Closing balance (ML)
				A	B	C	D	E = A+B+C+D	F	G = E + F
Murray	Bulk Entitlement (River Murray - Snowy Environmental Reserve) Conversion Order 2004	High	29,794.0	1,191.8	-1,191.8	29,794.0	-29,794	0.0	0.0	0.0
	Water shares - Snowy River Environmental Reserve	High	14,670.9	557.7	-557.7	14,670.9	-19,296	-4,624.9	0.0	-4,624.9
		Low	6,423.4	0.0	0.0	6,423.4	0	6,423.4	0.0	6,423.4
Goulburn	Bulk Entitlement (Snowy - Environment) Order 2005	High	30,252.0	0.0	0.0	30,252.0	-30,252	0.0	0.0	0.0
		Low	8,156.0	0.0	0.0	0.0	0	0.0	0.0	0.0
	Water shares - Snowy River Environmental Reserve	High	8,320.9	0.1	0.0	8,320.9	-8,321	0.1	0.0	0.1
		Low	17,852.0	0.0	0.0	0.0	0	0.0	0.0	0.0
Loddon	Water shares - Snowy River Environmental Reserve	High	470.0	0.0	0.0	470.0	-470	0.0	0.0	0.0
SNOWY RESERVE TOTAL			115,939.2	1,749.6	-1,749.5	89,931.2	-88,132.7	1,798.6	0.0	1,798.6



SECTION ONE

1.5 Five-year financial summary

Table 1.9 below provides a financial summary for the VEWH operations in 2021-22.

Table 1.9 Financial summary

	2021-22 \$	2020-21 \$	2019-20 \$	2018-19 \$	2017-18 \$
Government contributions / grants ¹	10,365,161	9,759,974	10,197,454	8,329,997	8,427,391
Sale of water allocation ²	690,744	0	0	4,861,725	1,924,535
Interest	11,694	22,654	98,460	110,100	106,110
Total revenue	11,067,599	9,782,628	10,295,914	13,301,822	10,458,036
Environmental Water Holdings and transaction expenses	(6,912,631)	(6,468,094)	(7,172,254)	(6,541,731)	(6,535,185)
Grants	(262,316)	(4,690,425)	(514,723)	(2,729,804)	(1,917,576)
Employee expenses	(2,931,643)	(2,826,517)	(2,580,205)	(2,166,564)	(1,841,708)
Supplies and services	(646,819)	(834,858)	(869,949)	(1,161,710)	(1,147,304)
Total expenditure	(10,753,409)	(14,819,894)	(11,137,131)	(12,599,809)	(11,441,773)
Total assets³	6,643,219	5,706,071	10,373,730	12,114,915	10,257,206
Total liabilities	1,934,178	1,355,728	1,042,833	1,925,693	766,140

¹ 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.

² 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.

³ 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 \$0.31 million. A deficit using carry forward funds was budgeted, however water delivery expenditure was lower than anticipated due to wetter conditions, particularly in the north of Victoria. The sale of water allocation generated \$0.69 million which also contributed to the surplus.

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.

Liabilities have increased between 2020-21 and 2021-22 due to the timing of supplier invoicing and increases in accrued employee entitlements.

1.7 Capital projects

The VEWH does not manage any capital projects.

1.8 Subsequent events

Subsequent to the end of the financial year the COVID-19 pandemic has continued. There is no information to indicate a material financial impact on the VEWH.

There have been no other significant subsequent events to note.



Governance and organisational structure

2.1 Organisational structure

The VEWH reports directly to the Minister for Water.

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

For administrative efficiency, the VEWH also uses DELWP'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 2021-22.

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 2022



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 Co-CEO's.

The VEWH is comprised of four part-time Commissioners. The Commissioners in 2021-22 were:

- **Christopher Chesterfield** (*Chairperson*)
Chris has over 30 years' experience in the Victorian water industry, primarily in waterway management. He has extensive experience in sustainable water resource and environmental water management as well as solid business management experience as General Manager Waterways Group at Melbourne Water. Chris is currently also a professor at the Monash Sustainable Development Institute and Chair of the Birrarung Council.
- **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 a senior associate at the consulting firm Aither. 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 extensive background in governance, public administration, policy and legislation development, and in the application of natural resource management. Jennifer is currently 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.
- **Rueben Berg** (*Commissioner until 20 May 2022*)
Rueben is a Gunditjmara man and the founder and Managing Director of RJHB Consulting. He holds a number of senior positions in the community representing his expertise in stakeholder and community engagement including: Director at the Australian Communities Foundation, Chairperson at Westernport Water (from 1 September 2021), a Representative for the Metropolitan Region for the First Peoples' Assembly of Victoria, and a Member of the Heritage Council of Victoria. In addition, Rueben is a founder and director of the Indigenous Ultimate Association and the Chair of the Ultimate Rules Subcommittee for the World Flying Disc Federation. He earned a Bachelor of Architecture.

The Commission's meeting schedule for 2021-22 has included seven ordinary meetings, three strategy meetings, one field trip and participation in out-of-session decisions on 13 additional occasions throughout the year.

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

In May 2022, Rueben Berg resigned after almost five years as a VEWH Commissioner. The Commission and Executive thank Rueben for his enormous contribution since being appointed as a VEWH Commissioner in 2017. His unique wealth of ideas, strong strategic thinking and attention to detail enriched the VEWH. Rueben was the first Aboriginal Victorian to be appointed to the VEWH Commission. He helped guide the VEWH to better incorporate Traditional Owner values in our decision-making and to progress self-determination in the environmental watering program.

Table 2.1 VEWH Commission membership and meeting attendance 2021-22

Name	Term	Attended	Eligible to attend
Christopher Chesterfield	1 July 2021 to 30 June 2022	7	7
Peta Maddy	1 July 2021 to 30 June 2022	7	7
Jennifer Fraser	1 July 2021 to 30 June 2022	6	7
Rueben Berg	1 July 2021 to 20 May 2022	5	5

2.3 Risk and Audit Committee membership and roles

In 2021-22, 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 DELWP Portfolio Financial Management Compliance Framework (PFMCF). Under the DELWP 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 2021-22, the committee met twice and participated in one out-of-session decision.

Table 2.2 Risk & Audit Committee membership and meeting attendance 2021-22

Name	Term	Attended	Eligible to attend
Vince Philpott, Chairperson	1 July 2021 to 30 June 2022	2	2
Beverley Excell	1 July 2021 to 30 June 2022	2	2
Jennifer Fraser	1 July 2021 to 30 June 2022	2	2
Peta Maddy	1 July 2021 to 30 June 2022	2	2

SECTION TWO



Case Study 8:

Project governance audit - how did we do?

The VEWH invests in projects that improve knowledge, inform decisions and show the benefits of water for the environment. These projects are usually devised and conducted by waterway managers (Melbourne Water and CMAs) in their region. Examples of projects include water quality monitoring in response to the provision of VEWH water allocations or improvements to environmental water metering and infrastructure works in rivers and wetlands to improve and allow more efficient delivery of water for the environment.

In 2021-22, the VEWH Risk and Audit Committee engaged independent auditors, HLB Mann Judd, to undertake a review of the VEWH's project governance practices. The objective of the review was to assess the effectiveness of VEWH's governance for projects by reviewing a sample of projects including assessment of the internal approval procedures, outcomes, breakdown of expenditures and delivery deadlines.

The review found the VEWH utilises a consistent approach for all its projects and the approach is adapted where required to suit the nature of the project. A consistent and transparent assessment against criteria is applied to guide investment in priority projects and the selection process is thorough. HLB Mann Judd concluded that the internal controls embedded within the project governance practices at the VEWH, including associated monitoring and reporting processes, are adequate and established in maturity.

To support the VEWH's continuous improvement, the review identified some opportunities for improvement primarily relating to the update of the VEWH's related procedures for project selection and management. The VEWH has accepted and will act on these improvement opportunities.

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. A comprehensive safety induction was undertaken with staff in transitioning back to working in the office and working under the DELWP COVID-safe plan.

VEWH staff are employed by DELWP and as part of the arrangement VEWH staff agree to abide by DELWP's regulations and policies associated with occupational health and safety. VEWH staff have access to a range of programs provided by DELWP, 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 DELWP POSSUM system. A full report on the hazards, incidents and performance for DELWP for the year is available from DELWP's *Annual Report 2021-22*.

DELWP and the VEWH continued to provide support to staff throughout the COVID-19 pandemic and the change to working conditions this has presented. Ongoing initiatives to assist staff during these difficult times include flexible working from home arrangements, ergonomic assessments, adapting meeting times to better suit parents who provided remote learning for their children, access to special paid leave, promotion of constructive and supportive behaviours, and mental health and wellbeing support.

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 DELWP, 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 2021-22, VEWH staff participated in the Victorian Public Service People Matter survey (see page 18 for a summary of the results).

Diversity and inclusion

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

The VEWH aligns with the flexible working policies of DELWP and sees working flexibility, such as working remotely, part-time arrangements and job-sharing, as an important component of the desired workplace. As noted above, flexible working arrangements including remote working, flexible start and finish times, and adapting to the needs of parents who provided remote learning for their children have been essential in supporting staff through COVID-19.

Also see Table 3.1 Workforce data on page 49.

Performance management

VEWH staff participated in DELWP'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 2022, the VEWH employed 22 staff (19.2 Full Time Equivalent) compared with 18 staff (16 FTE) on 30 June 2021.

Employees have been correctly classified in workforce data collections.

SECTION THREE

Table 3.1 Workforce data¹

Classification	2021-22		2020-21	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive Officers	2	1.2	2	1.6
Project Officers	20	18	16	14.4
Total	22	19.2	18	16

- 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 2021-22, 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 2021-22, 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 2021-22, there were three consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies was \$67,740 (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 2021-22 (Excl GST) \$	Future Expenditure (Excl GST) \$
DG Consulting	Facilitation and preparation of reports for 2022 operational risk management workshops	13-Jan-21	11-Apr-22	26,100	26,100	nil
RMCG	External Commission performance assessment	19-Aug-21	20-Oct-21	21,640	21,640	nil
HLB Mann Judd	Internal audit of VEWH's project governance	19-Jan-22	12-May-22	20,000	20,000	nil

SECTION FOUR

Consultancies under \$10,000

In 2021-22, there were no consultancies where the total fees payable to the consultants were less than \$10,000.

4.4 Information and Communication Technology expenditure

For the 2021-22 reporting period, the VEWH had a total Information and Communications Technology (ICT) expenditure of \$137,559 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
\$137,559	\$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 2021-22.

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 DELWP's Freedom of Information Unit, on the contact details below:

FOI Unit

Department of Environment, Land, Water and Planning
PO Box 500
EAST MELBOURNE VIC 8002
foi.unit@delwp.vic.gov.au

An application fee of \$30.60 applies.

The VEWH's Authorised Officer is the DELWP's Freedom of Information Manager. The Authorised Officer will determine whether to release requested documents.

The VEWH did not receive any FOI requests in this reporting period.

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 DELWP'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 DELWP's procedures on its website at:

<https://www2.delwp.vic.gov.au/our-department/public-interest-disclosures>

Contacts

Public Interest Disclosure Coordinator

Department of Environment, Land, Water and Planning
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 Vic 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 Office-based environmental impacts

The VEWH office integrates environmental sustainability into its decision-making and operates within DELWP'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.

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.

As the office is co-located with DELWP at 8 Nicholson Street, East Melbourne, the VEWH does not collect its own environmental impact data. A full report on the environmental impact of 8 Nicholson Street is available from DELWP's *Annual Report 2021-22*.

4.12 Availability of other information

Additional information available on request

In compliance with the requirements of DELWP'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 Financial management compliance attestation

Victorian Environmental Water Holder Financial Management Compliance Attestation Statement

I, Christopher Chesterfield, on behalf of the Commission of the Victorian Environmental Water Holder, certify that the Victorian Environmental Water Holder has been granted an exemption from the Standing Directions 2018 and Instructions 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 Environment, Land, Water and Planning's Portfolio Financial Management Compliance Framework.

Christopher Chesterfield



Chairperson
Victorian Environmental Water Holder
10 October 2022

Financial statements

- 30 June 2022

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SECTION FIVE

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

The attached financial statements for the Victorian Environmental Water Holder (VEWH) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under 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 2022 and financial position of the VEWH at 30 June 2022.

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 10 October 2022.

Christopher Chesterfield
Chairperson



Dr Sarina Loo
Co-Chief
Executive Officer



Beth Ashworth
Co-Chief
Executive Officer



Rowan Jennion
Chief Finance Officer



Comprehensive operating statement For the financial year ended 30 June 2022

	Notes	2022 \$	2021 \$
Income and revenue from transactions			
Government grants	2.1	10,365,161	9,759,974
Sale of water allocation	2.1	690,744	0
Interest	2.1	11,694	22,654
Total income and revenue from transactions		11,067,599	9,782,628
Expenses from transactions			
Employee expenses	3.1.1	(2,931,643)	(2,826,517)
Environmental Water Holdings and transaction expenses	3.2	(6,912,631)	(6,468,094)
Grants	3.3	(262,316)	(4,690,425)
Supplies and services	3.4	(646,819)	(834,858)
Total expenses from transactions		(10,753,409)	(14,819,894)
Net result from transactions (net operating balance)		314,190	(5,037,266)
Other economic flows			
Gain / (loss) from revaluation of long service liability	3.1.2(b)	44,508	56,712
Net result / Comprehensive result		358,698	(4,980,554)

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

SECTION FIVE

Balance sheet As at 30 June 2022

	Notes	2022 \$	2021 \$
Assets			
Financial assets			
Cash and deposits	5.1	4,848,868	4,073,034
Receivables	4.1	1,784,699	1,611,303
Total financial assets		6,633,567	5,684,337
Non-financial assets			
Prepayments	4.2	9,652	21,734
Total non-financial assets		9,652	21,734
Total assets		6,643,219	5,706,071
Liabilities			
Payables	4.4	1,103,527	507,358
Employee related provisions	3.1.2	830,651	848,370
Total liabilities		1,934,178	1,355,728
Net assets		4,709,041	4,350,343
Equity			
Accumulated surplus		4,709,041	4,350,343
Net worth		4,709,041	4,350,343

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

Cash flow statement

For the financial year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts			
Receipts from government		10,189,576	9,159,917
Receipts from other entities		690,744	0
Interest received		11,694	22,654
Net GST received / (paid) to the ATO		15,118	1,165
Total receipts		10,907,132	9,183,736
Payments			
Payments to suppliers and employees		(9,868,982)	(9,735,712)
Payments of grant expenses		(262,316)	(4,690,425)
Total payments		(10,131,298)	(14,426,137)
Net cash flows from / (used in) operating activities	5.1.1	775,834	(5,242,401)
Net increase / (decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		4,073,034	9,315,435
Cash and cash equivalents at the end of the financial year	5.1	4,848,868	4,073,034

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 2022

	Accumulated surplus \$
Balance at 1 July 2020	9,330,897
Comprehensive result	(4,980,554)
Balance at 30 June 2021	4,350,343
Comprehensive result	358,698
Balance at 30 June 2022	4,709,041

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.

1. About this report (continued)

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*.

1.3 Coronavirus (COVID-19) impact on the financial statements

The coronavirus (COVID-19) outbreak was first reported near the end of 2019 and grew into a worldwide pandemic.

The VEWH is predominately funded by government grants and a large proportion of the VEWH's external suppliers are government entities that provide essential services. As such VEWH has assessed that there has been no material impact on income or expenditure during the year or the value of assets and liabilities at the end of the financial year.

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 Environment, Land, Water and Planning (DELWP) and the Commonwealth 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 services.

2.1 Income and revenue that funds the delivery of services

	2022 \$	2021 \$
Government grants		
Grants from DELWP	7,706,000	7,500,000
Grants from Commonwealth	2,659,161	2,259,974
Total government grants	10,365,161	9,759,974
Sale of water allocation		
Sale of water allocation	690,744	0
Total sale of water allocation	690,744	0
Interest		
Interest from cash and deposits	11,694	22,654
Total interest	11,694	22,654

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 DELWP and the Commonwealth 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.

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

	2022 \$	2021 \$
Employee expenses		
Salary and wages	(2,183,275)	(2,113,143)
Superannuation	(242,322)	(220,361)
Annual and long service leave	(354,839)	(364,753)
Other on-costs (fringe benefits tax, payroll tax and WorkCover premium)	(151,207)	(128,260)
Total employee expenses ⁽ⁱ⁾	(2,931,643)	(2,826,517)

⁽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, fringe benefits tax, leave entitlements, termination payments, and WorkCover premiums. These are recognised when incurred.

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.

	2022 \$	2021 \$
Current provisions		
Employee benefits – annual leave		
Unconditional and expected to settle within 12 months	205,949	257,013
Unconditional and expected to settle after 12 months ⁽ⁱ⁾	37,788	5,655
Employee benefits – long service leave		
Unconditional and expected to settle within 12 months	39,167	46,221
Unconditional and expected to settle after 12 months ⁽ⁱ⁾	354,320	361,980
Total employee benefits	637,224	670,869
Provisions for on-costs		
Unconditional and expected to settle within 12 months	39,617	47,419
Unconditional and expected to settle after 12 months ⁽ⁱ⁾	65,431	59,248
Total provision for on-costs	105,048	106,667
Total current provisions	742,272	777,536
Non-current provisions		
Employee benefits ⁽ⁱ⁾	75,696	60,998
Provisions for on-costs ⁽ⁱ⁾	12,683	9,836
Total non-current provisions	88,379	70,834
Total provisions	830,651	848,370

⁽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.

	2022 \$
Opening balance	116,503
Additional provisions recognised	32,642
Reduction arising from payments	(37,977)
Unwind of discount and effect of changes in the discount rate	6,563
Closing balance	117,731
Current	105,048
Non-current	12,683
Total	117,731

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	
	2022 \$	2021 \$	2022 \$	2021 \$
Defined contribution plans				
VicSuper	112,111	122,390	3,496	0
Other	121,788	97,971	4,927	0
Total	233,899	220,361	8,423	0

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

	2022 \$	2021 \$
Environmental Water Holdings and transaction expenses		
Water storage	(5,157,299)	(4,762,119)
Delivery fees	(1,703,203)	(1,679,433)
Water purchases	(23,842)	0
General delivery expenses (including statutory fees)	(28,287)	(26,542)
Total environmental Water Holdings and transaction expenses	(6,912,631)	(6,468,094)

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

	2022 \$	2021 \$
Grants		
Grants to catchment management authorities	(117,316)	(58,079)
Grants to DELWP for specific projects	(145,000)	(4,632,346)
Total grants	(262,316)	(4,690,425)

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

	2022 \$	2021 \$
Supplies and services		
Contract and professional services	(204,057)	(312,450)
General expenses	(122,969)	(231,550)
Office and accommodation	(182,958)	(171,726)
IT expenses	(95,388)	(79,882)
Postage, telephone and other office expenses	(21,252)	(17,458)
Travel and related costs	(12,509)	(12,132)
Community awareness and publicity	(7,686)	(9,660)
Total supplies and services	(646,819)	(834,858)

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

	2022 \$	2021 \$
Victorian Auditor-General's Office		
Audit of the financial statements	(21,000)	(15,000)
Total audit fees	(21,000)	(15,000)

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

	2022 \$	2021 \$
Current receivables		
Contractual		
Trade receivables	0	0
Amounts owing from DELWP	807,799	782,882
Accrued income	976,900	814,239
Total contractual receivables	1,784,699	1,597,121
Statutory		
GST input tax credit recoverable	0	14,182
Total statutory receivables	0	14,182
Total current receivables	1,784,699	1,611,303

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

	2022 \$	2021 \$
Current payables		
Contractual		
Trade creditors	0	0
Accrued expenses	1,094,168	507,358
Total contractual payables	1,094,168	507,358
Statutory		
GST input tax credit payable	936	0
Superannuation payable	8,423	0
Total statutory payables	9,359	0
Total current payables	1,103,527	507,358

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 \$
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
2021				
Payables				
Trade creditors	0	0	0	0
Accrued expenses	507,358	507,358	507,358	0
Total	507,358	507,358	507,358	0

The average credit period is usually 30 days. In response to the coronavirus (COVID-19) pandemic, 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

	2022 \$	2021 \$
Total funds held in trust – cash and deposits	4,848,868	4,073,034
Balance per cash flow statement	4,848,868	4,073,034

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

	2022 \$	2021 \$
Net result for the year	358,698	(4,980,554)
Non-cash movements		
Net gain / (loss) arising from revaluation of long service liability	44,508	56,712
Movements in assets and liabilities		
(Increase) / decrease in receivables	(173,396)	(598,891)
(Increase) / decrease in prepayments	12,082	24,149
Increase / (decrease) in payables	596,169	154,794
Increase / (decrease) in provisions	(62,227)	101,389
Net cash flows from / (used in) operating activities	775,834	(5,242,401)

5.2 Commitments for expenditure

At 30 June 2022 there were no commitments arising for future expenditure from contracts (2021: 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 2022 the VEWH did not have trade receivables past due (2021: Nil). On this basis, the VEWH determined no allowance for expected credit loss was required at end of the financial year (2021: 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 exposures to market risk are 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.

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.

The carrying amount of cash and deposits is exposed to variable interest rates. The weighted average interest rate during the financial year was 0.32% (2021: 0.33%). All other financial instruments are non-interest bearing and have no interest rate exposure.

Interest rate sensitivity and assumptions

The VEWH believes a shift of +1.5% and -0.25% in market interest rates (AUD) from year-end rates is possible over the next 12 months. Base interest rates are sourced from the Reserve Bank of Australia.

	Carrying amount	Interest rate sensitivity	
		-0.25% -25 basis points	+1.5% 150 basis points
2022	\$	Net result \$	Net result \$
Contractual financial assets			
Cash and deposits ⁽ⁱ⁾	4,848,868	(12,122)	72,733
	Carrying amount	-0.5% -50 basis points	+0.5% 50 basis points
2021			
Contractual financial assets			
Cash and deposits ⁽ⁱ⁾	4,073,034	(20,365)	20,365

⁽ⁱ⁾ The analysis amount is calculated with reference to the amount of cash subjected to variable interest rates.

6. Risks, contingencies and valuation judgements (continued)

6.2 Contingent assets and contingent liabilities

At 30 June 2022 there were no contingent assets or contingent liabilities (2021: 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 (2021: 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 persons who held the positions of **Minister, Commissioners** and **Accountable Officers** of the VEWH were:

Ministers

The Hon Lisa Neville MPMinister for Water 1 July 2021 to 27 June 2022

The Hon Harriet Shing MPMinister for Water 27 June 2022 to 30 June 2022

The Hon Richard Wynne MP acted as Minister for Water for the periods 1 to 6 July 2021, 15 July 2021 to 22 August 2021, 21 to 25 January 2022 and 29 May to 5 June 2022.

Commissioners

Christopher ChesterfieldChairperson 1 July 2021 to 30 June 2022

Peta MaddyDeputy Chairperson..... 1 July 2021 to 30 June 2022

Rueben Berg 1 July 2021 to 20 May 2022

Jennifer Fraser 1 July 2021 to 30 June 2022

Co-Chief Executive Officers

Sarina LooAccountable Officer 1 July 2021 to 30 June 2022

Beth AshworthAccountable Officer 12 Jan 2022 to 30 June 2022

Paulo LayAccountable Officer 1 July 2021 to 23 February 2022

In the previous financial year Co-Chief Executive Officer Beth Ashworth commenced leave in December 2020 and remained employed by the VEWH. To perform the role during the leave period Paulo Lay was appointed to the position of Co-Chief Executive Officer until Beth's return from leave in the current financial year. The additional time between 12 January and 23 February 2022 facilitated leave to be taken by the Co-Chief Executive Officers.

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.

	2022 No.	2021 No.
Income band		
\$30,000 - \$39,999	1	3
\$40,000 - \$49,999	2	0
\$70,000 - \$79,999	0	2
\$80,000 - \$89,999	2	0
\$90,000 - \$99,999	0	1
\$120,000 - \$129,999	1	0
\$130,000 - \$139,999	1	0
\$140,000 - \$149,999	0	1
Total number of responsible persons	7	7
Total remuneration	\$ 538,710	\$ 516,531

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 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 above.

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*. From this financial year, the disclosure will no longer be included in the Department of Parliamentary Services' financial report and will be reported within the State's Annual Financial Report.

7. Other disclosures (continued)

	2022 \$	2021 \$
Compensation of KMPs		
Short-term benefits	482,017	463,036
Post-employment benefits	47,220	44,621
Other long-term benefits	9,473	8,874
Total remuneration	538,710	516,531

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 with the VEWH there were no related party transactions that involved key management personnel, their close family members and their personal business interests (2021: Nil).

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Significant transactions with government-related entities

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.

	2022 \$	2021 \$
Receipts during the year		
Department of Environment, Land, Water and Planning	7,706,000	7,500,000
Receivables at 30 June		
Department of Environment, Land, Water and Planning	807,799	782,882

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.

	2022 \$	2021 \$
Payments made during the year		
Department of Environment, Land, Water and Planning	145,000	4,656,346

The VEWH entered into agreements for payments to government-related catchment management authorities and water corporations. Payments were 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.

	2022 \$	2021 \$
Payments made during the year		
Corangamite Catchment Management Authority	107,184	17,026
Glenelg Hopkins Catchment Management Authority	0	35,186
Goulburn Broken Catchment Management Authority	23,055	6,102
Goulburn Murray Rural Water Corporation ⁽ⁱ⁾	0	521,525
Grampians Wimmera Mallee Water Corporation ⁽ⁱ⁾	278,230	238,645
Lower Murray Urban and Rural Water Corporation	64,293	40,063
Mallee Catchment Management Authority	769,705	562,871
North Central Catchment Management Authority	40,680	13,646
West Gippsland Catchment Management Authority	8,803	0
Wimmera Catchment Management Authority	47,782	2,500

⁽ⁱ⁾ Goulburn Murray Rural Water Corporation and Grampians Wimmera Mallee Water Corporation are included in two tables as VEWH made payments for environmental water activities (i.e. metering), as well as storage and delivery.

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, allocation carryover fees and/or water deliveries**. Rates are set by corporations and approved by the Victorian Essential Services Commission.

	2022 \$	2021 \$
Payments made during the year		
Central Highlands Region Water Corporation	43,362	41,258
Gippsland and Southern Rural Water Corporation	377,127	492,765
Goulburn Murray Rural Water Corporation ⁽ⁱ⁾	4,231,990	3,815,079
Grampians Wimmera Mallee Water Corporation ⁽ⁱ⁾	337,865	329,561
Lower Murray Urban and Rural Water Corporation	19,948	0
Melbourne Water Corporation	0	117,971

⁽ⁱ⁾ Goulburn Murray Rural Water Corporation and Grampians Wimmera Mallee Water Corporation are included in two tables as VEWH made payments for environmental water activities (i.e. metering), as well as storage and delivery.

7. Other disclosures (continued)

	2022 \$	2021 \$
Payables and accruals at 30 June:		
Corangamite Catchment Management Authority	18,787	46,020
Gippsland and Southern Rural Water Corporation	137,180	18,917
Goulburn Murray Rural Water Corporation	701,921	120,741
Grampians Wimmera Mallee Water Corporation	103,000	45,000
Lower Murray Urban and Rural Water Corporation	0	67,658
Mallee Catchment Management Authority	112,470	172,990
North Central Catchment Management Authority	40,124	10,247

7.5 Subsequent events

Subsequent to the end of the financial year the COVID-19 pandemic has continued to have a significant impact on the economic environment that the VEWH is operating in. The VEWH has assessed that there has been no material financial impact on the VEWH or the going concern assumption.

The VEWH is not aware of any other information or circumstances that have arisen between 30 June 2022 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

This section contains Australian Accounting Standards (AASs) that have been issued but are not effective for the 2021-22 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 meaning of 'settlement of a liability' is also clarified.

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

- AASB 17 *Insurance Contracts*.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards with editorial and reference changes. These are expected to have insignificant impacts on public sector reporting.

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 2022 • 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 Officers' 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 2022 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>

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
12 October 2022



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 responsible Minister/s	3
FRD 22	Objectives, 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 & Governing board	43
Financial and other information		
FRD 10	Disclosure index	83
FRD 12	Disclosure of major contracts	51
FRD 22	Summary operational objectives and performance	11
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FRD 22	Occupational Health and Safety	47
FRD 22	Workforce data	48
FRD 22	Summary of the financial results for the year	42
FRD 22	Significant changes in financial position during the year	42
FRD 22	Significant 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 <i>Building Act 1993</i>	51
FRD 22	Statement on Competitive Neutrality Policy	51
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FRD 22	Details of consultancies under \$10 000	51
FRD 22	Disclosure of government advertising expenditure	50
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FRD 22	Statement of availability of other information	53
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<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
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APPENDICES

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
BMF EWA	Barmah-Millewa Environmental Water Allocation
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
DELWP	Department of Environment, Land, Water and Planning
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
GL	Gigalitre
GLaWAC	Gunaikurnai Land and Waters Aboriginal Corporation
GMW	Goulburn-Murray Water
GST	Goods and Services Tax
IBAC	Independent Broad-based Anti-corruption Commission
ICT	Information and Communications Technology
IVT	Intervalley Transfers
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
MW	Melbourne Water
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
PV	Parks Victoria
RAC	Risk and Audit Committee
SCBEWC	Southern Connected Basin Environmental Watering Committee
SD	Standing Direction
SDL	Sustainable Diversion Limit
SDLAM	Sustainable Diversion Limit Adjustment Measure
TLaWC	Taungurung Land and Water Council
TLWCAC	Taungurung Land and Water Council Aboriginal Corporation
TO	Traditional Owner
VEFMAP	Victorian Environmental Flow Monitoring and Assessment Program
VEWH	Victorian Environmental Water Holder
VIPP	Victorian Industry Participation Policy
WERP	Water for the Environment Research Program
WetMAP	Wetland Monitoring and Assessment Program
WGCMA	West Gippsland Catchment Management Authority

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