

VICTORIAN ENVIRONMENTAL
WATER HOLDER

Annual Report

2020-21

Acknowledgement of Traditional Owners

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

We acknowledge Aboriginal people as Australia's first peoples and as Traditional Owners and custodians of the land and water on which we rely. We recognise the intrinsic connection of Traditional Owners to Country, and we value their ongoing contribution to managing Victoria's landscapes. We also recognise and value the contribution of Aboriginal people and communities to Victorian life and how this enriches us.

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 community. We acknowledge the ongoing contribution that Aboriginal people are making to planning and managing water for the environment. We also recognise that this contribution is largely through frameworks and processes that have not been determined by Traditional Owners, and contribution does not imply endorsement of those frameworks and processes. More can be done to increase Traditional Owners' contributions and enable progress towards self-determination within and beyond the environmental watering program. The VEWH will continue to play its role to support and enable this where it can.

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

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



Photograph credits:

- First page: Campaspe River, by Arthur Rylah Institute
- This page: Black winged stilts at Reedy Lake by Jo Deretic
- Last page: Striped honeyeater at Carapugna, Wimmera Mallee wetlands, by Jenny Stephens

Contents

1	YEAR IN REVIEW	1
1.1	Chairperson and Chief Executive Officer Report.....	1
1.2	About the VEWH.....	3
1.3	Nature and range of services provided.....	4
1.4	Performance report (non-financial).....	10
1.5	Five year financial summary.....	40
1.6	Current year financial review.....	41
1.7	Capital projects.....	41
1.8	Subsequent events.....	41
2	GOVERNANCE AND ORGANISATIONAL STRUCTURE	42
2.1	Organisational structure.....	42
2.2	Governing Commission.....	44
2.3	Risk and Audit Committee membership and roles.....	45
2.4	Occupational Health and Safety.....	45
3	WORKFORCE DATA	46
3.1	Public sector values and employment principles.....	46
3.2	Comparative workforce data.....	46
4	OTHER DISCLOSURES	48
4.1	Local Jobs First.....	48
4.2	Social Procurement.....	48
4.3	Government advertising and expenditure.....	48
4.4	Consultancy expenditure.....	49
4.5	Information and Communication Technology expenditure.....	50
4.6	Major contracts.....	50
4.7	Freedom of information.....	50
4.8	Building Act 1993.....	50
4.9	Competitive Neutrality Policy.....	51
4.10	Public Interest Disclosures Act 2012.....	51
4.11	Compliance with the enabling legislation.....	52
4.12	Office-based environmental impacts.....	52
4.13	Availability of other information.....	52
4.14	Asset Management Accountability Framework maturity assessment.....	53
4.15	Financial management compliance attestation.....	53
5	FINANCIAL STATEMENTS – 30 JUNE 2021	54
	APPENDICES	84
	Appendix 1 – Disclosure index.....	84
	Appendix 2 – Acronyms and Abbreviations.....	86

Year in review

1.1 Chairperson and Chief Executive Officer Report

This annual report provides highlights of the 2020-21 Victorian environmental watering year, reports on the Victorian Environmental Water Holder's (VEWH) performance against its *Corporate Plan 2020-21* and provides a brief analysis of the VEWH's management of Victoria's environmental water entitlements in 2020-21.

The VEWH's mission is to 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. 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. Active management of water for the environment is now a key part of the State's integrated program to protect catchments and waterways for the benefit of all Victorians. Partnerships with waterway managers (catchment management authorities and Melbourne Water), storage managers, land managers and other environmental water holders are essential in building a successful statewide environmental watering program. Also essential is being able to adapt to short and longer-term changes in weather and climate.

Last year's La Niña weather pattern provided much needed rainfall in the Gippsland, central and northern regions of Victoria, resulting in good inflows to many reservoirs, some minor reservoir spills and unregulated flows in several river systems. In western Victoria the La Niña had less effect; water storages remained low and there was a heavy reliance on the available environmental water allocations to provide flows in the Wimmera and Glenelg systems. The need for flexibility and a seasonably adaptive approach to planning continues to be important as the effects of climate change creates uncertain seasonal conditions.

Being part of an integrated program, collaborating with program partners, delivering multiple benefits from program investments and adapting to changing environmental conditions including a drying climate, means our decision-making must be robust and transparent. This annual report documents our activities over the past year including some of our initiatives to strengthen collaboration and decision-making, including with Aboriginal Victorians.

At least 10 environmental watering activities were delivered in partnership with Traditional Owners, helping to deliver on objectives identified by Traditional Owners and supporting development of more culturally informed watering practices. The VEWH has also made clear through a public statement how it intends to support Traditional Owners and Aboriginal self-determination within and beyond the environmental watering program.

The impacts of coronavirus (COVID-19) on Victorians have posed an unprecedented challenge. Despite this, the environmental watering program has so far proved adaptable to the pandemic, with watering actions able to be delivered.

Lockdowns and restrictions across much of Victoria during 2020-21 resulted in the social and recreational values of our rivers and wetlands become increasingly important. Families, friends and individuals seeking fresh air and open spaces took advantage of walking, running, riding and picnicking at many of the rivers and wetlands that receive environmental flows. This will continue to be important as the pandemic continues. At least 57 different social, recreational and economic values and uses of waterways were considered as part of environmental flows planning for 2021-22.

Over the past 12 months, we've seen an enormous change to the way we work as we continue to manage the impact of COVID-19. The VEWH staff and Commissioners had to quickly adapt to working remotely and interacting virtually, rather than face-to-face. The VEWH is preparing for some form of normality over 2021-22, though we acknowledge we will still be in transition as we adjust to staff working from both in the office and from home.

We affirm that the VEWH has complied with its legislative and financial requirements in 2020-21 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 2021.

Chris Chesterfield



Chairperson
Victorian Environmental
Water Holder
11 October 2021

Paulo Lay



Co-Chief Executive Officer
Victorian Environmental
Water Holder
11 October 2021

Dr Sarina Loo



Co-Chief Executive Officer
Victorian Environmental
Water Holder
11 October 2021



SECTION ONE

1.2 About the VEWH

Vision, mission and values

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

Vision

Water for healthy waterways, valued by communities.

Organisation mission

The VEWH's role in delivering on the above program vision is in holding and managing Victoria's environmental water entitlements (the Water Holdings). Our mission is:

We make robust decisions about managing water for the environment, in collaboration with program partners, stakeholders and communities, to preserve and improve the environmental values and health of Victorian waterways.

Organisational outcomes

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

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

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

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

Corporate values

The VEWH's culture is fundamental to the way we deliver our work – collaboratively, with initiative, commitment and integrity.

Manner of establishment and responsible Minister/s

The VEWH was established on 1 July 2011 through an amendment to the *Water Act 1989* (the Water Act) passed by the Victorian Parliament in August 2010. The VEWH is the independent statutory body responsible for holding and managing Victoria's environmental Water Holdings. The use of the Water Holdings for environmental watering is critical in ensuring Victoria's rivers, wetlands and floodplains continue to maintain and improve the environmental benefits that Victorians value. The responsible Minister for the period from 1 July 2020 to 30 June 2021 was the Hon Lisa Neville MP, Minister for Water. The Hon Richard Wynne acted as the Minister for Water from 15 February 2021 to 30 June 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:

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

- b. acquire and purchase rights and entitlements for the Water Holdings and dispose of and otherwise deal in rights and entitlements in the Water Holdings in accordance with the Water Act
- c. plan for the purposes of paragraphs (a) and (b)
- d. enter into any agreements for the purposes of paragraphs (a) and (b)
- e. enter into any agreements for the purposes of the co-ordination of the exercise of rights under any water right or entitlement held by another person, including the Commonwealth Environmental Water Holder (CEWH)
- f. enter into any agreements with any person for the provision of works by that person to enable the efficient application or use of water in the Water Holdings.

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

Section 33DE of the Act states "the Water Holder has the power to do all things necessary or convenient to be done for, or in connection with, or incidental to, the performance of its functions, powers and duties."

1.3 Nature and range of services provided

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

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

Our Environment

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

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

Environmental water planning

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

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

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

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

SECTION ONE

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

- **Adjusting environmental watering actions based on climate change predictions.**
Waterway managers regularly review environmental watering actions to reflect the outcomes that can be achieved in the future. For example, in 2020-21 the environmental flow recommendations for the Goulburn River were updated to incorporate new knowledge and more specifically consider future climate change scenarios. 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 actions. 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 or delivering a required environmental watering action to coincide with a fishing event or support 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.

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 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 monitoring, technical investigations, research, small structural works, or other improvements that generate enduring environmental 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 more 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

This program aims to increase the engagement, understanding and contribution of partners, stakeholders and communities in the environmental watering program.

Program partners are those organisations with a responsibility for delivering some part of the environmental watering program. They include waterway managers, storage managers, land managers, other environmental water holders and Traditional Owners with formal land and water management responsibilities.

Supporting the increased participation of Traditional Owners in environmental water planning, decision-making and management has been a key strategic focus of the VEWH for several years.

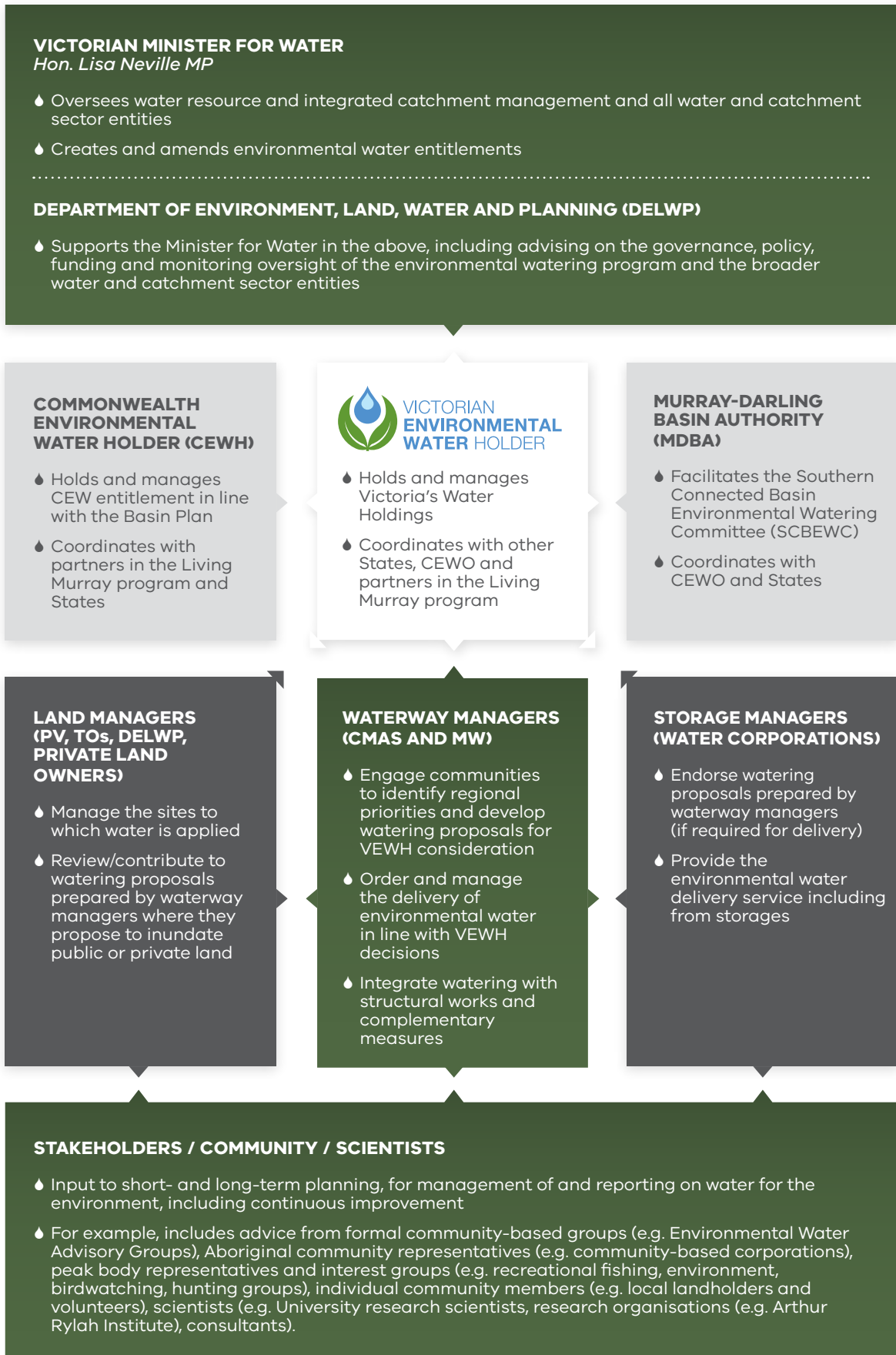
The VEWH's stakeholders are those organisations or individuals with a keen interest in the environmental watering program, such as irrigators, environmental groups, angling and other recreation groups and scientists who are engaged by the VEWH or program partners during planning, delivery or reporting.

Strong program partnerships

Victoria's environmental watering program cannot be undertaken by one organisation alone, 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.

SECTION ONE

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 [PV], Traditional Owners [TOs], 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 community. More can be done to increase this contribution and enable progress towards self-determination within and beyond the program.

The VEWH has developed a position statement to articulate how it intends to work with Traditional Owners to support this objective (see Case Study 7, page 20). This includes a commitment to work within its power 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
- 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 Aboriginal decision-making, leadership and self-governance around water management and rights.

SECTION ONE

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 (e.g. Reflections watering outcomes booklet), 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 (see Case Study 6, page 17)
- 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 18)
- 1.5 - Five year financial summary (page 40)
- 1.6 - Current year financial review (page 41)
- 2.4 - Occupational Health and Safety (page 45)
- 3 - Workforce data (page 46)
- 5 - Financial Statements (page 54).

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 2020-21

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 and 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 2021-22</i> was published on 30 June 2021, 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 35 watering actions planned with or intended to be delivered in partnership with Traditional Owners to support Aboriginal cultural values and uses potential adjustments to the timing or management of planned environmental flows for at least 24 watering actions to support social and recreational values and uses of waterways consideration of how environmental flows can support at least 57 different social, economic, recreational values across Victoria, such as fishing, birdwatching, community events and farming 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 incorporation of new environmental flow recommendations for the Goulburn River that were developed during the 2020-21 update to the environmental flows study and specifically consider the suitability of environmental objectives under future climate scenarios. <p><i>Example activities and achievements provided on page 12.</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 case studies 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 two percent of required potential watering actions were fully or partially achieved in 2020-21. This result increased by five percent compared to 2019-20. The VEWH is using a new method to assess achievement of priority watering actions from 2019-20 onwards and therefore trend analysis (direct comparison with achievement of watering actions in previous years) cannot be done at this time. Trends under the new method will be reported from 2021-22 onwards. <p><i>See Case Study 2 (page 13), Case Study 3 (page 13) and example activities and achievements provided on page 12.</i></p>

SECTION ONE



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>	Participation of Traditional Owners in water for the environment planning and management is increased.	Number of water planning and management activities that Traditional Owner groups were involved in annually.	Traditional Owner groups were involved in at least 10 water planning and/or management activities in 2020-21. <i>See Case Study 7 on page 20 and example activities and achievements on page 14.</i>
	Community and stakeholder understanding of and contribution to the watering program is increased.	Percentage of actions of Communications and Engagement Strategy delivered, supported by: <ul style="list-style-type: none"> examples to illustrate activities and achievements. 	Eighty nine percent of actions in the VEWH Communications and Engagement Strategy were delivered. Delivery of some activities was delayed due to restrictions and resourcing constraints associated with the COVID-19 pandemic. <i>See Case Study 6 on page 17 and example activities and achievements on page 15.</i>
	Program partnerships for coordinated communication and delivery of the environmental watering program are strengthened.	Results of annual survey of key program delivery partners satisfaction with VEWH partnerships.	Eighty nine percent of respondents to an annual survey of key program delivery partners reported a high or very high level of satisfaction with their organisation's relationship with the VEWH.
<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 2020 with results showing overall improved scores. Refer to comments on page 17 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 2020-21 is 11.2 percent below budget. This was primarily caused by reduced storage fees arising from Goulburn Murray Water's review of past charges. COVID-19 pandemic restrictions requiring working from home conditions also reduced the need for some office and travel expenses. The overall financial outcomes are described in section 1.6.
	Governance requirements are complied with.	<i>Water Act 1989</i> , Financial Compliance Management Framework, Ministerial rules and Water Holdings obligations fulfilled on time – 100 percent compliance.	Governance obligations fulfilled on time and 99 percent compliant, same as previous year. Refer to comments on page 17 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 2020-21. Risk and Audit Committee supported. Operational risk workshops held with program partners in 2021.

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

Responding to new information in the *Seasonal Watering Plan 2021-22*

- A new action was included in the Barmah Forest section of the *Seasonal Watering Plan 2021-22* to provide low flows in the Murray River between August and December to protect nesting habitat and improve Murray cod recruitment.
- A new environmental flow study for the Goulburn River resulted in two new potential watering actions in the *Seasonal Watering Plan 2021-22*:
 - » a winter fresh of more than 5,000 ML/day in the reach between Lake Eildon and Yea to support the nesting behaviour of female platypus
 - » passing natural tributary inflows to increase the load of organic matter, carbon, seeds and plant propagules in the lower Goulburn River and Murray River. This new potential watering action enables passive management of environmental flows to mimic natural conditions.
- The recommended magnitude of autumn and winter low flow in Pyramid Creek has been increased based on advice from aquatic scientists at the Arthur Rylah Institute of Environmental Research that a higher flow was needed to ensure native fish such as Murray cod and golden and silver perch can migrate freely between the lower Loddon River and the Pyramid-Box Creek system via the Kerang fishway.

Complementary works for improved environmental flows outcomes

- Construction of the Koondrook Weir fish ladder commenced in autumn 2021. The fishway construction is 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 1.

Case Study 1:

Koondrook fishway

Thousands of native fish will be able to freely move between the Murray River and the rich habitat of Gunbower Creek with the construction of a fishway at Koondrook Weir, due to be completed in spring 2021.

The fishway will provide passage to native fish, such as the iconic vulnerable Murray cod, trout cod and threatened golden perch, from the river into the creek for the first time in more than a century.

Fish studies have shown that large numbers of native fish accumulate at Koondrook Weir trying to access the creek, but they cannot get past the weir. Once completed, the fishway will dramatically improve connectivity – enabling fish to move between Gunbower Creek and the Murray River, improving outcomes of environmental watering and helping to boost native fish populations in Gunbower Creek.

SECTION ONE



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 the 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.

Examples of new knowledge gained through monitoring activities in 2020-21 are presented in the following case studies.

Case Study 2:

VEFMAP and WetMAP

VEFMAP reports in 2020-21 highlighted significant increase in the abundance of native fish species such as Murray cod, golden perch, Murray-Darling rainbowfish and trout cod since the end of the Millennium Drought in Victorian tributaries of the Murray River. These increases were most pronounced in the Campaspe, Broken and to a lesser extent Goulburn rivers and are considered due to a combination of improved natural flows and environmental water deliveries, especially those that deliver higher spring flows.

Vegetation monitoring through VEFMAP indicates that environmental water delivered as low flows helps support fringing and emergent vegetation in the bottom of the river channel and that spring freshes help to increase the cover, germination and seed dispersal of native riparian plants.

WetMAP has been monitoring responses in wetlands for only four years but is showing that environmental water deliveries trigger typical wet phase ecological processes including the growth of aquatic and herbland vegetation communities and frog breeding.

Case Study 3:

Monitoring fish responses to environmental flows in the Glenelg River

General fish surveys and fish movement studies conducted in the Glenelg River as part of VEFMAP and other research suggest that environmental flow releases in summer and early autumn increase the upstream dispersal of native migratory species such as common galaxias and short-finned eels by almost 40 percent compared to baseflow conditions. Moreover, these surveys have demonstrated that populations of tumpoon and common galaxias have increased 16.0 and 5.8 times respectively in the middle reaches of the Glenelg River since 2017, and this increase is likely to be partly due to the increased frequency of freshes provided by environmental water since that time.

Traditional Owner participation and outcomes

- The *Seasonal Watering Plan 2021-22* better highlights the contribution of Traditional Owners in environmental water planning and management compared with previous years. Opportunities identified in 2021-22 include partnering with Traditional Owners to manage and monitor delivery of environmental flows at Horseshoe Lagoon (see Case Study 4), Guttrum Forest, Lower Latrobe wetlands, Yarra billabongs and more.
- The first delivery of environmental water to Robertson Creek occurring in spring 2020 – its first drink since flooding in 2016. Robertson Creek is an area of high cultural significance that is being degraded as vegetation dies from lack of water and wind erodes the landscape. The First People of the Millewa-Mallee Aboriginal Corporation are undertaking a program of restoration and protection work at the site. The environmental flow was designed to complement the protection and restoration objectives, resulting in an improvement in the condition of trees and nearby shrubs. This in turn helped to return and protect cultural values which can be used by community for learning, teaching and increasing overall wellbeing.

Case Study 4:

Horseshoe Lagoon

Taungurung Land and Water Council (TLaWC) is leading the way at Horseshoe Lagoon demonstrating how cultural values, environmental objectives and on-Country knowledge sharing are critical to long term water management, Healing Country and meaningful collaboration.

Culturally significant to Taungurung Traditional Owners, Horseshoe Lagoon near Seymour continues to show promising response to environmental flow deliveries with birds, frogs and turtles returning to the site.

Taungurung Land and Water Council's Water Management Officer said it is not just about the ecological outcomes – Taungurung community is proud of what it has achieved so far.

"Our community has been involved since the beginning and pays close attention to what happens to the site. Healing Country is not merely ecological restoration of habitats, it is having the right people taking care of Country."

Taungurung Land and Water Council has been working closely with Goulburn Broken CMA, Parks Victoria, community partners and the VEWH to bring water back to the lagoon.

"Ultimately, we would like to manage the site ourselves, this includes owning the water we deliver every year. That would be a big step for us, transforming environmental water into cultural water. Most of the natural resource management works undertaken are the result of constant coordination between TLaWC, Parks Victoria and Goulburn Broken CMA. This work is the first step for Taungurung towards sole management for significant sites like this, reserves and parks."

In 2017, TLaWC undertook an Aboriginal Waterway Assessment at the site which provided key information to the Environmental Water Management Plan in 2019.

Whether through on-Country visits or remote input under COVID-19 restrictions, TLaWC have been an integral part of the team in developing proposed watering activities at the lagoon. Taungurung have influenced the development of the seasonal watering proposal submitted to the VEWH, collaborating with Goulburn Broken CMA to develop recommendations for water use at the site.

Taungurung Land and Water Council has identified and advised on cultural values and uses and how they align with the environmental watering plan at the site. The *Baan Ganalina* (Guardians of Water) Taungurung water knowledge group has identified key objectives for the site through their cultural Natural Resource Management strategy, including: Healing Country and Healing Knowledge.

SECTION ONE



In 2019 Taungurung women held a Welcome to Country at the site, marking and celebrating the return of water through environmental flows. A follow up water delivery in 2020 helped to build on the environmental outcomes and heal Country.

Watering activities at Horseshoe Lagoon provide an opportunity to heal Knowledge through developing TLaWC capacity and confidence in water management. In 2021, TLaWC will be responsible for managing the pumping and delivery of the next environmental flow to the site.

"We work in collaboration and with the support of our partners. We have taken on more and more responsibilities with time and the support of our partners is essential. Goulburn Broken CMA, Parks Victoria and the VEWH have shown true support for this purpose," said TLaWC's Water Management Officer.

"This year we are delivering the water to this site, we want to include more wetlands in the future and continue Healing Country. It is great to see how we came from coordination to co-management; having our Natural Resource Management crews, Project Officers and Taungurung Rangers working all together to achieve bigger things."

Community and stakeholder contribution

- The past year has seen renewed appreciation for the community benefits from healthy waterways. While many large community events such as fishing competitions and rowing regattas were unable to proceed as planned due to the COVID-19 pandemic, waterways often became stronger focal points for recreation, exercise and relaxation (see Case Study 5).
- Examples of activities were still able to proceed in a COVID-safe fashion, including:
 - » the Bendigo Canoe Club was able to take advantage of spring 2020 environmental flows in the Campaspe River
 - » at least 50 paddlers were able to kayak on spring environmental flows in the Thomson River
 - » environmental flows supported river conditions for the Horsham and Jeparit fishing competitions in autumn 2021 (see Case Study 5).
- Outdoor spaces will continue to be important as the pandemic continues into 2021-22. In planning for the year ahead, the VEWH has considered how environmental flows and healthy waterways can support at least 57 different social, recreational and economic benefits. This includes plans to support community events and tourism through coordinating flows in the Wimmera River to coincide with fishing competitions at Dimboola, Jeparit and Horsham for example.
- The VEWH and partners Goulburn-Murray Water, North Central and Goulburn Broken CMAs delivered 11 webinars to Goulburn-Murray Water and Agriculture Victoria staff and irrigation customers between October 2020 and February 2021 (see Case Study 6).
- The VEWH continued to support the Victorian Freshwater Fish Habitat and Flows Alliance in its third year. The 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.

Case Study 5:

The ups and downs of a global pandemic and the importance of waterways

The Wimmera River is considered the lifeblood of the Wimmera Southern Mallee community, and this connection has only been further reinforced by the COVID-19 pandemic. Surveys have repeatedly shown that the Wimmera River is the most popular visited waterway for recreation across the Wimmera Southern Mallee region.

Environmental flows provide critical life support for the Wimmera River, particularly during dry years when it is often the only water in the river. Without the environmental flows delivered in late spring 2020 through to winter 2021, the Wimmera River water levels and flow rates would have diminished significantly due to the dry conditions.

While the COVID-19 pandemic decimated the busy calendar of events centred around the Wimmera River in 2020, it also saw the community adapt to deliver these events in different ways and reinforced the value of the river as a natural space to visit, relax and recreate. The Wimmera CMA provided ongoing support to community events centred around the river throughout the year, including through provision of environmental flows to ensure the river stayed as healthy as possible and those events able to proceed were not affected by low water levels.

The Horsham Fishing Competition 2020 held on the March Labour Day Weekend took place successfully just before conditions came into force prohibiting public events to contain the spread of COVID-19. The Jeparit Easter Fishing Competition 2020 was unfortunately forced to cancel their event and instead conducted the world's first and perhaps only virtual fishing competition where participants (who were required to isolate) submitted short video clips of them 'fishing' in their homes or backyards.

The Peter Taylor Memorial Barefoot Water Ski Tournament, scheduled for Dimboola Weir Pool in late March and forecast to attract 1,800 spectators and generate \$280,000 for Dimboola, was also cancelled. It was intended that it would serve as the lead in event to the IWWF World Barefoot Waterski Championships in Sydney in April. The Dimboola Fishing Classic, Rowing Regatta and Horsham Triathlon were also sadly cancelled and the modified Kannamaroo Festival was not able to incorporate river-based activities.

Whilst the community events calendar was heavily impacted, Wimmera waterways provided other benefits during the COVID-19 lockdown. With people confined to their houses except for essential reasons and for exercise, the Wimmera River became an even stronger hub of activity with people taking advantage of the great access via the tracks along the Wimmera River at Horsham, Dimboola and Jeparit. In Horsham, during November 2020 new tracks and water regulators at Langlands Anabranche were officially opened which enabled people to access the southern bank of the Wimmera River between Horsham Weir and ANZAC Bridge and created additional wetland habitat.

With the decreasing prevalence of COVID-19 within the community in early 2021, river-based events started to return to the Wimmera calendar. The 2021 Horsham Fishing Competition took place on the 7th of March with a cap on numbers of 1,000 entrants and new protocols around event logistics. The Jeparit Easter Fishing Competition also took place in April. After a hiatus of 10 months, the Wimmera River Park run in Horsham restarted in January, with typically 90-120 participants of all ages and abilities enjoying exercise along the Wimmera River on Saturday mornings.

The benefits for the community along the Wimmera River system since the return of regular flows in 2010 have been enormous through increased recreation opportunities and tourism as well as the sense of wellbeing that comes through natural spaces: seeing water in a waterway and the life it brings. While the pandemic impacted many events, the river remained an important focal point for the community through a tough year, with environmental flows being able to support community wellbeing by providing a critical foundation for enjoyment: water in the environment.

SECTION ONE



Case Study 6:

Your top 10 questions answered

COVID-19 restrictions may have created some challenges with face-to-face meetings, but like the rest of the world, the VEWH had to adapt quickly to online formats!

In late 2020, we launched an online mission to address some of the most common questions we are frequently asked about the water for the environment program by community members in northern Victoria.

Along with our friends at Goulburn-Murray Water (GMW), Goulburn Broken and North Central CMAs, we delivered a series of webinars with GMW staff, their customers and Water Service Committees to answer questions such as: how and why do we carryover environmental water; do environmental water holders pay charges; and, how do we trade?

Covering the 'top 10' common questions, participants heard directly from the VEWH, Goulburn-Murray Water and CMA staff about the collaborative effort to deliver outcomes from the environmental watering program and had the opportunity to ask questions.

Feedback from the sessions was positive with requests for additional webinars in future. Copies of the presentations are available on the VEWH website at: <https://www.vewh.vic.gov.au/news-and-publications/stories/water-for-the-environment.-your-top-questions-answered>.

People Matter survey

- The 2020 Victorian Public Service 'People Matter' survey results showed overall scores had improved from 2019. Despite 2020 being an a very challenging year, several staff wellbeing indicators have seen significant improvement. These included:
 - » A reduction in work-related stress and improvement in workload management.
 - » An increase in job satisfaction and work-life balance.
 - » Staff have felt supported through the COVID-19 induced changes to work with senior leaders supporting staff to work in an environment of change, providing clear strategy and direction and considering the psychological health of employees.
- The overall improvement reflects the focus that the VEWH have put on staff wellbeing during the COVID-19 pandemic, workload management and the development of the People Strategy (see page 21).

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

- For 2020-21, the VEWH fulfilled 99 percent of *Water Act 1989*, 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 did not meet all Water Holdings obligations, as operating arrangements and a metering plan for the *Upper Barwon River Environmental Entitlement 2018* are yet to be completed. Since its inception, the VEWH has progressively developed these documents to improve compliance, with only two documents remaining to be completed. Operating arrangements for the *Upper Barwon River Environmental Entitlement 2018* is in final review. The metering plan for the *Upper Barwon River Environmental Entitlement 2018* has been deferred to account for the impending changes to the metering program guidelines. Both documents are currently scheduled for completion in 2021-22. No material impacts are expected from the delay in finalising these documents. Operating arrangements for the Goulburn and Murray systems were finalised during the year.

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 2020-21*. 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 2020-21, 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 2020-21 the VEWH:

- Completed a high level desktop assessment of the relative importance of different habitat types to the lifecycle of colonial nesting waterbirds, particularly spoonbills.
- Commenced a more detailed assessment of the relative abundance and distribution of required waterbird habitat types in the North Central CMA region under different climatic conditions.
- Worked with scientists at the Arthur Rylah Institute of Environmental Research to update existing fish and platypus species distribution models across Victoria. These models will be used to document current distribution patterns and highlight river reaches throughout the state that may be prioritised for environmental watering to support particular species or life cycle processes.
- Continued to work with partners on how to improve landscape scale water planning and prioritisation. The VEWH contributed insights gained from the project in various partner and stakeholder forums including the newly formed Murray Darling Basin Environmental Watering Committee and the Australian Stream Management Conference.

Preparedness for drought and climate change

In 2020-21, 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.

In 2020-21 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 environmental water 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. The consultant report is due to be completed in September 2021 and will inform decisions to connect the sites and future environmental water deliveries.

SECTION ONE

Improved operational (i.e. policy) environment

In 2020-21, 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 Intervalley 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.

Improved water governance

In 2020-21 the VEWH:

- scoped a program of work to strengthen and make more transparent the VEWH's decision-making around environmental water use, carryover and trade
- began scoping strategic improvements to its water trade and revenue investment processes
- documented its guiding principles regarding water delivery, carryover and trade.

Our Communities

Strategic focus area: Roadmap developed for the VEWH's contribution to engagement and recognition of Aboriginal people, environmental and cultural knowledge, values, practices and rights in the environmental watering program developed, and activities implemented.

In 2020-21, the VEWH worked to understand how it could position itself to help deliver on the aspirations of different Traditional Owner groups to participate and contribute to decision-making in environmental watering. Part of this included developing a VEWH position statement on how it intends to work with Traditional Owners to increase opportunities for self-determination within and beyond the environmental watering program (see Case Study 7). The statement was developed with input from Traditional Owner representatives and partner agencies (e.g. DELWP, CMAs). The Statement and further information on how the VEWH will honour it, is being shared with Traditional Owners and partner agencies during 2021.

In general, while some formal meetings with some Nation groups were not able to take place in 2020-21 as planned due to the COVID-19 pandemic, the VEWH still looked to facilitate direct discussions with Traditional Owner representatives, reviewed documentation of Traditional Owners' aspirations (e.g. Country Plans, Water Resource Plan content) and/or participated in partner-led activities and workshops with Traditional Owners where possible.

The VEWH continued to support Traditional Owners' objectives through watering priority sites (e.g. Horseshoe Lagoon) and/or providing funding to support the direct participation of Traditional Owners in environmental flow management and outcomes at particular sites (e.g. supporting site restoration by First People of Millewa Mallee at Robertson wetland with Mallee CMA).

Traditional Owner corporations supported development of stories for *Reflections 2020-21* and content for seasonal watering proposals and the *Seasonal Watering Plan 2021-22*. Traditional Owner contributions to the planning process were better represented and incorporated into the *Seasonal Watering Plan 2021-22* than in previous years. 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, including 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 environmental water on Country.

Case Study 7:

How the VEWH will work with Traditional Owners

The Victorian Environmental Water Holder (VEWH) acknowledges that Aboriginal people are intrinsically connected to Country and have been for tens of thousands of years. Over millennia, Aboriginal people have shaped, managed and cared for the land and waterways that sustain them. Deep and sophisticated Aboriginal knowledge systems have enabled the survival of the oldest living culture on Earth.

The VEWH supports the Victorian Government recognition of the far-reaching and intergenerational consequences of colonisation and dispossession. We support the Government commitment to Treaty negotiations and the adoption of self-determination as the guiding approach in Aboriginal affairs.

The VEWH acknowledges the important contribution Aboriginal people and Aboriginal knowledge systems make to the Victorian environmental watering program. There is a meaningful intersection between the aims of the program – healthy waterways, healthy communities – and the deep and enduring obligations Traditional Owners have to Country and community. More can be done to increase this contribution and enable progress towards self-determination within and beyond the program.

The VEWH acknowledges that existing frameworks and processes for the management of water on Country do not adequately provide opportunities for empowerment and agency of Traditional Owners. Legislative and policy changes will be required – beyond VEWH's remit – to better enable Traditional Owners to access and manage water on Country on their own terms. Adequately recognising and strengthening the rights and agency of Traditional Owners in water management is critical for achieving self-determination, but also more sustainable water management and improved waterway health into the future.

The VEWH, in partnership with Traditional Owners, the Department of Environment Land Water and Planning (DELWP) and our other program partners, will play its part to embed Aboriginal influence and participation in the environmental watering program and support Aboriginal people on the path to accessing water and managing water on Country on their own terms. We will do this by listening, being humble, flexible, and remaining open to change.

The VEWH will work within its power 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
- 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 Aboriginal decision-making, leadership and self-governance around water management and rights.

SECTION ONE

Our Culture

Strategic focus area: People Strategy development and implementation.

In 2019-20, the VEWH began to revise its People Strategy 2016 in line with results from the 'Organisational Culture Inventory' survey and from the Victorian Public Service 'People Matter' survey. In 2020-21, the People Strategy was completed and incorporates the change in working conditions as a result of the COVID-19 pandemic. 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 engage with the VEWH's partners and stakeholders.

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

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

Implementation of the strategy commenced in 2020. Key actions that have been achieved include development and implementation of a workload management plan, and staff/manager conversations and focus groups to inform a COVID-19 transition plan.

COVID-19 has presented an unprecedented challenge for the VEWH's culture, people and managers. The VEWH implemented a range of measures to maintain connection with one another, reinforce cultural norms of wellbeing and care, build individual, organisational and program resilience, and to embrace technology and new ways of working (also see section 2.4, page 45). In 2021-22, a strategic focus of the 'Our Culture' program will be the continued implementation of the People Strategy.

Operational Performance (Implementing the Seasonal Watering Plan)

The *Seasonal Watering Plan 2020-21* identified 286 potential watering actions across Victoria that could be delivered under a range of planning scenarios. The number of watering actions delivered depends on seasonal and operational conditions experienced throughout the year.

Seventy four percent of potential watering actions identified in the *Seasonal Watering Plan 2020-21* were required (i.e. 211 out of 286). The remaining 26 percent (i.e. 75 out of the 286) of potential watering actions were not required for the following reasons:

- The watering action was not essential to be delivered in 2020-21 to achieve environmental objectives (i.e. tier 2 watering actions)¹ (affected 27 potential watering actions).
- Pre-requisite seasonal conditions, ecological or hydrological triggers did not occur (affected 48 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 debited environmental water use to determine the extent to which the required 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. These attributes improve the reliability of the assessment, but it is only possible to compare results from 2019-20 and 2020-21 (see Figure 1.3 and Table 1.2). It is expected that the new method will be used for all foreseeable future assessments.

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.

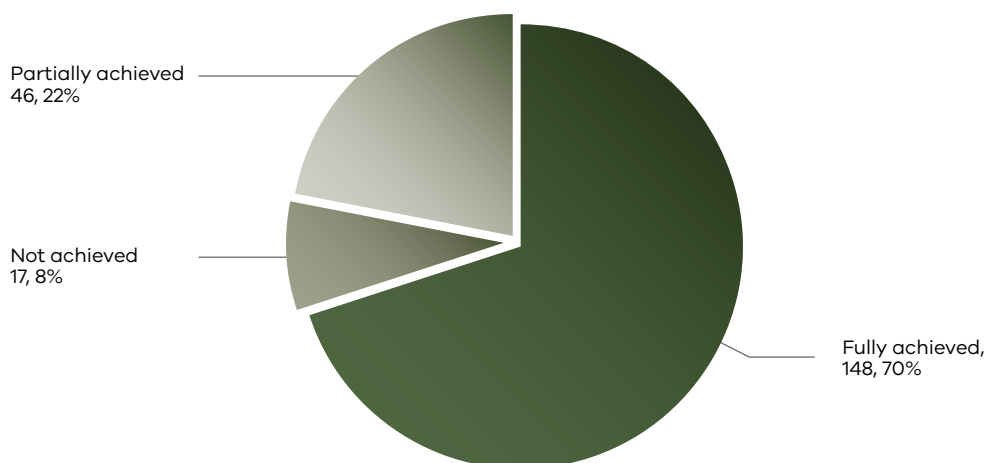
Potential watering actions with an individual achievement score of 100 percent are deemed to have fully achieved their hydrological outcomes for the year and there is high confidence that the functional objectives of the watering action were met. Potential watering actions with an individual achievement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

Ninety two percent (i.e. 194 out of 211) of watering actions that were required in 2020-21 either fully or partially achieved their intended hydrological outcomes. Eight percent (i.e. 17 out of 211) of required potential watering actions in 2020-21 did not achieve their intended hydrological outcomes (see Figure 1.2).

Of the 194 required potential watering actions that were fully or partially achieved in 2020-21, 154 (79 percent) watering actions relied on contributions from environmental water holdings. The remaining 40 (21 percent) of fully or partially achieved potential watering actions were achieved through passing flows, natural flows, unregulated flows and/or the delivery of consumptive water, or a drying regime was intentionally implemented at the site.

Figure 1.3 shows the number of potential watering actions since 2011-12, and the number that were fully or partially achieved either through deliveries of water for the environment, passing flows, natural flows, unregulated flows and/or the delivery of consumptive water.

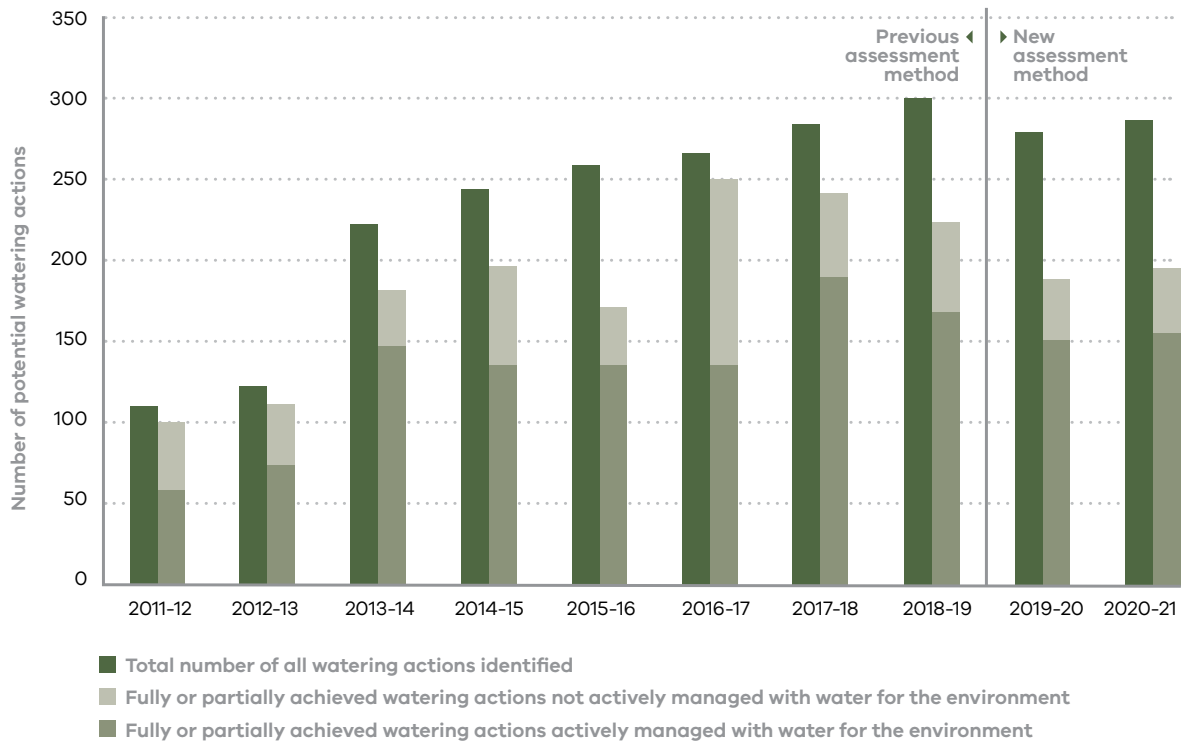
Figure 1.2 Achievement of required potential watering actions in 2020-21



SECTION ONE



Figure 1.3 Potential watering actions identified and achievement of watering actions that were undertaken since 2011-12



The VEWH coordinated delivery of water for the environment to 87 river reaches¹ (across 39 waterways) and 84 wetlands giving a total of 171 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 a larger number of 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 four years.

¹ Environmental flow river reach

Figure 1.4 Number of river reaches and wetlands watered since 2011-12

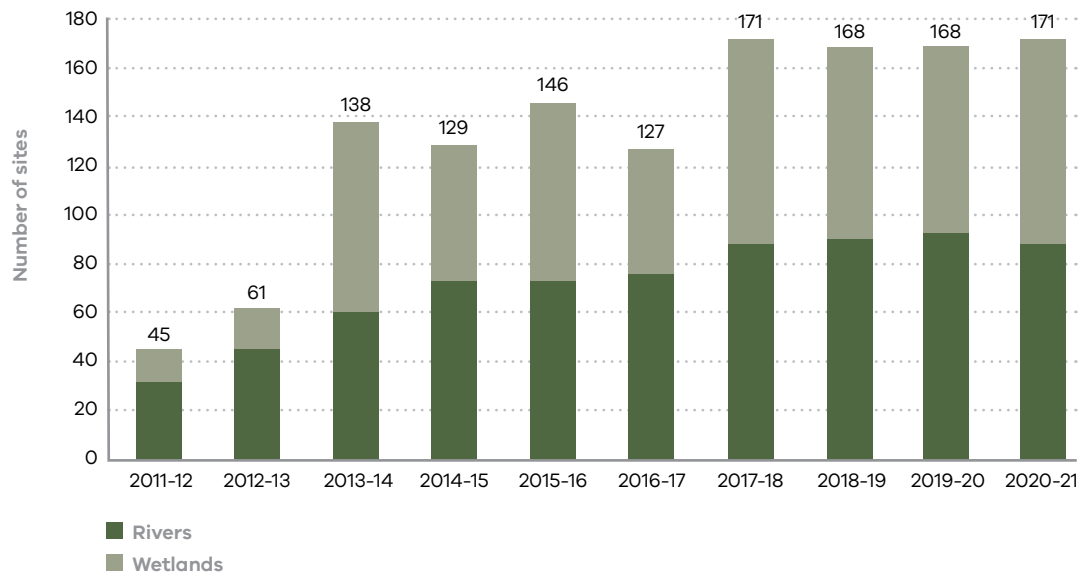


Table 1.2 compares selected water planning and delivery indicators from 2011-12 to 2020-21. Specific targets are not set for these indicators because the number required varies due to seasonal and operational conditions throughout the year.

SECTION ONE

Table 1.2 Comparison of 2020-21 watering performance with previous years

	2011-12 ¹	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 ²	2020-21
Potential watering actions										
Number of actions and as percentage of total number of actions identified										
Total no. of actions identified	109	122	222	243	258	266	283	301	278	286
Total no. of actions required				232	226	255	263	242	214	211
Actions fully achieved (number and percent of total)	68 62.4%	81 66%	91 41%	136 58.6% ³ (56%)	136 60.2% ³ (52.7%)	207 81% ³ (79%)	195 74% ³ (69%)	188 78% ³ (62%)	136 63% ³ (49%)	148 70% ³ (52%)
Actions partially achieved (number and percent of total)	31 28.4%	30 25%	90 41%	60 25.9% ³ (25%)	35 15.5% ³ (13.6%)	43 17% ³ (16%)	46 17% ³ (16%)	35 14% ³ (12%)	51 24% ³ (18%)	46 22% ³ (16%)
Actions not achieved (number and percent of total)	10 9.2%	11 9%	41 18%	36 15.5% ³ (19%)	55 24.3% ³ (33.7%)	5 2% ³ (5%)	22 8% ³ (15%)	19 8% ³ (26%)	27 13% ³ (32%)	17 8% ³ (32%)
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	58 59%	74 67%	147 81%	135 69%	135 79%	136 54%	189 78%	168 75%	151 81%	154 79%
Not actively managed with water for the environment ⁴	41 41%	37 33%	34 19%	61 31%	36 21%	114 45%	52 22%	55 25%	36 19%	40 21%
Other indicators										
Total number of river reaches and wetlands watered	45	63	145	129	146	127	171	168	168	171
Total number of seasonal watering statements	47	60	95	59	64	52	48	54	61	55

- The potential watering actions reported in 2011-12 was updated in 2013-14 to reflect more accurate data. These numbers exclude data from the Snowy River and the Goulburn and Broken wetlands systems because they were not included in the environmental watering program at the time.
- The 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.
- 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.
- 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 52 seasonal watering statements and three watering authorisations during 2020-21. 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 nine variations to the *Seasonal Watering Plan 2020-21*:

- Section 3.7.2 lower Barwon wetlands – to incorporate watering recommendations on completion of the review of a four-year watering trial
- Section 4.4 Wimmera Mallee wetlands – to include Davis Dam in the *Seasonal Watering Plan 2020-21* after it was unintentionally omitted during the seasonal watering plan drafting process
- Section 5.2.1 Barmah Forest – to extend the allowable duration of watering floodplain marshes to support a bird breeding event
- Section 5.2.5 lower Murray wetlands – to revise the timing of deliveries to enable a spring fill in a floodplain wetland near Robinvale.
- Section 5.4.1 Goulburn River – to extend the allowable duration of low flows in the Goulburn River so that environmental water could be used to maintain low flows after September until sufficient operational water was released
- Section 5.4.2 Goulburn wetlands – to revise the timing of deliveries to Kanyapella Basin to allow it to be filled during winter/spring 2020
- Section 5.7.1 Loddon River – to increase the magnitude of autumn/winter low flows in Pyramid Creek
- Section 5.7.2 Boort wetlands – to enable summer top ups of Lake Yando
- Section 5.7.2 Boort wetlands – to enable a partial fill of Lake Leaghur in autumn/winter 2021

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 all the environmental watering activities undertaken in Victoria and the associated outcomes can be found in the annual watering booklet *Reflections* also available on the website.

Changes to entitlements

At 30 June 2021, the VEWH Water Holdings comprised 25 bulk or environmental entitlements and 107 water shares.¹ 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 2021, 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 decrease of 1,832 ML to the Water Holdings across the Goulburn and Murray systems.

There were no changes to VEWH Water entitlements in 2020-21.

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

¹ Includes entitlements and water shares held in trust for the Living Murray program. A typographical error occurred in the 2019-20 annual report where it was reported that VEWH holds 23 entitlements and 107 water shares when in fact it should have been reported as 25 entitlements and 107 water shares.

SECTION ONE

Water availability and use

The VEWH had access to a total of 1,188,568 ML of water for the environment in 2020-21. The volume included:

- water carried over by the VEWH and the Living Murray program from 2019-20
- allocations and water made available to the VEWH and the Living Murray program in 2020-21
- water made available by the CEWH
- a donation of water from the Taungurung Land and Water Council Aboriginal Corporation (TLWCAC).

The reported volume that was accessible to the VEWH in 2020-21 does not include water that was made available toward the Snowy River water recovery project, which is reported within the trade sub-heading below.

In total, 654,585 ML of water for the environment was delivered in Victoria in 2020-21. The volume includes:

- 206,209 ML of water made available by the VEWH
- 367,188 ML of water made available by the CEWH
- 81,188 ML by the Living Murray program.

The total delivered does not include 91,476 ML of water delivered to the Snowy River by the New South Wales Department of Industry between 1 May 2020 and 30 April 2021.

The VEWH receives allocations against its entitlements progressively throughout the year, which influences patterns of use. Some of the water that was available during 2020-21 was deliberately prioritised for carryover to support priority watering actions early in 2021-22. Other water that was available in 2020-21 was not used because:

- i) it was received too late to support required watering actions (noting that many high-volume watering demands occur in winter and spring),
- ii) wet conditions met some or all of the required watering actions for the year (e.g. many systems in Gippsland), or
- iii) 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 intervalley transfers).

All unused water from 2020-21 was carried over (subject to entitlement conditions) for use in 2021-22 or beyond (see page 29 for more discussion of carryover).

Table 1.3 compares net water availability and delivery across Victoria for 2011-12 to 2020-21.

Table 1.3 Water availability and delivery by region and for the state from 2011-12 to 2020-21

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Total volume available (ML)										
Southern Victoria (Gippsland + Central)	75,651	85,050	111,257	108,951	88,263	109,823	123,741	102,150	126,010	147,433
Gippsland region ^{1,2}	Not reported separately	Not reported separately	48,124	52,219	48,081	53,648	73,186	62,905	80,700	85,675
Central region ¹			63,133	56,732	40,182	56,176	50,554	39,245	45,310	61,758
Western region	69,211	82,296	60,401	45,347	16,373	53,582	79,126	58,503	49,771	49,666
Northern region	575,854	597,789	933,883	840,247	999,130	882,239	1,179,141	911,540	991,234	991,469 ²
Total Victoria	720,716	765,135	1,105,541	994,545	1,103,766	1,045,644	1,382,007	1,072,193	1,167,015	1,188,568
Total volume delivered (ML)										
Southern Victoria (Gippsland + Central)	33,008	41,060	49,130	62,974	40,922	48,478	76,606	55,046	44,469	43,338
Gippsland region ³	Not reported separately	Not reported separately	27,351	28,872	28,797	20,637	45,180	33,325	34,696	28,609
Central region			21,780	34,102	12,125	27,841	31,426	21,721	9,773	14,729
Western region ^{4,5}	18,345	50,277	30,004	33,720	8,112	13,585	39,664	34,162	23,079 ⁶	18,431
Northern region ⁵	427,858	345,904	730,543	549,073	640,498	644,405	802,830	457,421	822,679	592,816
Total Victoria⁷	479,211	437,241	809,678	645,767	689,532	706,468	919,100	546,629	890,227	654,585

Tables 1.4, 1.5, 1.6 and 1.7 summarise the water availability and use under the VEWH entitlements in 2020-21 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*.

SECTION ONE

Return flows

In some systems, environmental water 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 environmental water 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 environmental water delivered in northern Victoria in 2020-21, 73 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 417,690 ML. This included:

- 172,390 ML from the Goulburn River that was delivered at Goulburn Weir
- 165,125 ML from Murray River upstream of Barmah Choke
- 26,340 ML from the lower Broken Creek
- 25,192 ML from the Campaspe River
- 17,961 ML from the Goulburn River that was delivered at Lake Eildon
- 10,682 ML from the Loddon River.

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

- 9,308 ML was used at Hattah Lakes
- 5,611 ML was used in Gunbower Creek
- 5,003 ML was used in the central Murray wetlands
- 1,091 ML was used at sites within Gunbower Forest
- 620 ML was used in Pyramid Creek
- the remaining volume of return flows in the Murray River continued to flow to South Australia (see administrative transfers on page 30).

Other volumes of return flows recredited to the VEWH included:

- 13,637 ML delivered in Goulburn River between Lake Eildon and Goulburn Weir was recredited to VEWH in Waranga Basin. The volume was made available for delivery to the Goulburn River downstream of Goulburn Weir.
- 561 ML delivered from Lake Merrimu in the Werribee system was recredited to VEWH in Melton Reservoir. 498 ML of the available recredit was delivered to the Werribee River downstream of Melton Reservoir, the remaining 63 ML was lost when Melton Reservoir spilled during the season.

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 can meet high winter and spring demands when there is a risk there will be little water available under 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 2020-21, 512,438 ML of water for the environment remained available to the VEWH. This represents 43 percent of the VEWH's net water availability last year. The total carryover is comprised of the following Water Holdings:

- 242,880 ML available under the Victorian share of the Barmah-Millewa Environmental Water Allocation (BMF EWA) in the Murray system

- 25,000 ML of River Murray Increased Flows Allocation and 51,074 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
- 193,484 ML that was carried over in VEWH accounts across Victoria and is available for use in 2021-22 or future years, subject to entitlement conditions (for example, potential loss to storage spills).

In addition to the 242,880 ML of BMF EWA held by VEWH, 99,700 ML remained borrowed by the Northern Victoria Resource Manager (in accordance with entitlement rules) to support Victorian Murray high-reliability entitlement allocations at the end of 2020-21 and was therefore not available to the VEWH at the end of the water year. The total BMF EWA balance is 342,580. The borrowed water will be paid back to the VEWH in 2021-22 once seasonal allocations in high-reliability accounts reach the threshold specified in the BMF EWA rules.

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 2020-21 including:

- water transferred from the Goulburn to meet environmental watering demands in the Loddon system
- transfers of the VEWH and the Living Murray allocation to minimise the risk of carryover spill.

SECTION ONE



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
- account for delivery of water for the environment to South Australia.

In 2020-21, the following transfers with other environmental water holders occurred:

- a net volume of 87,169 ML of environmental water held by the CEWH was transferred into the VEWH's accounts for use in northern Victorian systems; this water was used for watering actions in the Murray, Ovens, Goulburn, Broken, Campaspe and Loddon systems
- 393,386 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, 286,069 ML was Commonwealth environmental water, 61,999 ML VEWH water and 45,318 ML the Living Murray program water.

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 2020-21.

In 2020-21, the VEWH transferred 89,514 ML to the Snowy inter-valley transfer account. The subtotals transferred from each system were as follows:

- Murray system – 49,412 ML
- Goulburn system – 39,632 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 2020 to 15 January 2021.

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 Aboriginal outcomes.

Commercial allocation trade

The VEWH did not sell or buy any water allocation during 2020-21.

Table 1.4 VEWH water account summary in the Gippsland region in 2020-21

VEWH Water Holdings 2020-21 – Gippsland region												
River system	Entitlement	Reliability	Entitlement volume or share of inflows at 1 July 2020 (ML)	Carryover from 2019-20 (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	18,745.5	0.0	507.4	0.0	-450.4	18,802.5	0.0	0.0	18,802.5
Thomson	Bulk Entitlement (Thomson River – Environment) 2005	High	10,000.0 ML + 3.9% inflows	19,611.0	10,000.0	10,924.0	0.0	0.0	40,535.0	-19,599.0	0.0	20,936.0
		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	1,417.9	12,460.9	0.0	0.0	0.0	13,878.8	-9,010.0	-1,417.9	3,450.9
		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				46,003.9	28,690.4	11,431.4	0.0	-450.4	85,675.3	-28,609.0	-7,647.4	49,418.9

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 2020-21

VEWH Water Holdings 2020-21 – central region														
River system	Entitlement	Reliability	Entitlement volume (ML) or share of inflows at 1 July 2020	Carryover from 2019-20 (ML)	Allocation (ML)	Share of inflows (ML)	Return flow recredit (ML)	Net trade (ML)	Adjustments (ML) ¹	Total water available (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	26,137.0	0.0	17,000.0	0.0	0.0	0.0	43,137.0	-8,504.0	0.0	n/a	34,633.0
Tarago	Tarago and Bunyip Rivers Environmental Entitlement 2009	Share of inflows	10.3% inflows	3,766.0	0.0	3,025.0	0.0	0.0	-246.0	6,545.0	-1,334.0	-2,211.0	n/a	3,000.0
Werribee	Werribee River Environmental Entitlement 2011	Share of inflows	10% inflows	840.9	0.0	402.8	560.8	0.0	-38.8	1,765.7	-1,058.8	-62.8	n/a	644.1
	VEWH water shares	High	734.1	0.0	734.1	0.0	0.0	0.0	0.0	734.1	-550.0	0.0	-81.7	102.4
		Low	360.8	225.2	135.6	0.0	0.0	0.0	0.0	360.8	0.0	0.0	n/a	360.8
Moorabool	Moorabool River Environmental Entitlement 2010	Share of inflows	11.9% inflows	3,991.0	0.0	3,515.2	0.0	0.0	0.0	7,506.2	-2,400.0	0.0	n/a	5,106.2
Barwon	Upper Barwon River Environmental Entitlement 2018	Share of inflows	3.8% inflows	536.6	0.0	1,172.4	0.0	0.0	0.0	1,709.0	-882.5	0.0	n/a	826.5
CENTRAL VICTORIA TOTAL				35,496.7	869.7	25,115.4	560.8	0.0	-284.8	61,757.8	-14,729.3	-2,273.8	-81.7	44,673.0

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 2020-21

VEWH Water Holdings 2020-21 – western region											
River System	Entitlement	Reliability	Entitlement volume (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	21,436.9	0.0	23,119.2	0.0	44,556.1	-14,815.7	-4,461.05	25,279.3
		Wimmera-Mallee wetlands high reliability ¹	1,000.0	611.0	0.0	0.0	0.0	611.0	-124.0	-73.06	414.0
		Passing flows	n/a	754.0	0.0	3,745.0	0.0	4,499.0	-3,491.1	n/a	1,007.9
WESTERN VICTORIA TOTAL			41,560.0	22,801.9	0.0	26,864.2	0.0	49,666.1	-18,430.8	-4,534.1	26,701.2

¹ The reliability of the Wimmera-Mallee wetlands entitlement is lower than the Wimmera-Mallee pipeline product 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 2020-21

VEWH Water Holdings 2020-21 – northern region																		
Entitlement	Reliability	Entitlement at 1 July 2020 (ML)	Carryover from 2019-20 (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)	Net commercial trade (ML)	Adjustments (ML)	Total available water (ML)	Water use (ML)	Allocation loss in season (ML)	Evaporation deduction (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K	L = A+B+C+D+E+F+G+H+I+J+K	M	N	O	P = L+M+N+O
Murray system																		
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999	High	45,266.5	34,214.2	0.0	45,266.5	0.0	361,433.0	-170,716.5	0.0	-182,470.9	0.0	0.0	0.0	87,726.3	-49,333.1	-2,125.1	-1,813.4	34,454.7
	Low	8,522.8	8,096.6	0.0	0.0	0.0	0.0	78,618.3	0.0	111,402.7	0.0	0.0	0.0	198,117.6	-189,594.9	0.0	-426.1	8,096.6
	Unreg	49,000.0	0.0	0.0	6,635.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6,635.5	-6,635.5	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	10,000.0	0.0	50,000.0	-50,000.0	0.0	0.0	0.0	0.0	0.0	0.0	233,150.0 ³	243,150.0				
	Low	25,000.0	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	-270.0	242,880.0
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - River Murray Increased Flows Environmental Water Allocation	Trigger based	n/a	7,861.8	0.0	25,000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	32,861.8	-7,861.7	0.0	0.0	25,000.1
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - Living Murray	High	9,589.0	6,992.3	0.0	9,589.0	0.0	0.0	0.0	12,914.6	0.0	0.0	0.0	0.0	29,495.9	-22,265.4	0.0	-137.7	7,092.8
	Low	101,849.9	0.0	0.0	0.0	0.0	56,256.5	0.0	-45,317.9	0.0	0.0	0.0	0.0	10,938.6	-10,398.5	0.0	0.0	540.1
	Unreg	34,300.0	0.0	0.0	376.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	376.3	-376.3	0.0	0.0	0.0
Environmental Entitlement (River Murray - NVIRP Stage 1) 2012 ¹	n/a	1,223.0	1,094.5	0.0	368.0	0.0	0.0	0.0	0.0	-239.5	0.0	0.0	0.0	1,223.0	0.0	0.0	-61.2	1,161.9
Water shares - Living Murray Program	High	12,266.9	11,329.8	0.0	12,266.9	0.0	0.0	0.0	-12,914.6	0.0	0.0	0.0	0.0	10,682.1	0.0	0.0	-534.1	10,148.0

Table 1.7 VEWH water account summary in the northern region in 2020-21

VEWH Water Holdings 2020-21 – northern region																		
Entitlement	Reliability	Entitlement at 1 July 2020 (ML)	Carryover from 2019-20 (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)	Net commercial trade (ML)	Adjustments (ML)	Total available water (ML)	Water use (ML)	Allocation loss in season (ML)	Evaporation deduction (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K	L = A+B+C+D +E+F+G+ H+I+J+K	M	N	O	P = L+M +N+O
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	36.0	0.0	0.0	86.0	-86.0	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	0.0	73.0	-73.0	0.0	0.0	0.0
Goulburn system																		
Environmental Entitlement (Goulburn System - Living Murray) 2007	High	39,625.0	19,909.9	0.0	39,625.0	0.0	0.0	0.0	3,422.4	4,159.6	0.0	0.0	0.0	67,117.0	-47,953.6	0.0	0.0	19,163.3
	Low	156,980.0	12,341.2	0.0	0.0	0.0	0.0	0.0	2,498.2	0.0	0.0	0.0	0.0	14,839.4	0.0	0.0	-742.0	14,097.4
Environmental Entitlement (Goulburn System - NVIRP Stage 1) 2012 ¹	n/a	1,682.0	1,328.1	0.0	426.0	0.0	0.0	0.0	0.0	1,414.2	0.0	0.0	0.0	3,168.3	-1,486.3	0.0	-84.1	1,597.9
Goulburn River Environmental Entitlement 2010	High	26,554.8	18,767.6	0.0	26,554.8	0.0	12,347.3	0.0	0.0	-3,602.4	0.0	0.0	0.0	54,067.3	-40,097.6	0.0	-691.9	13,277.8
	Low	5,791.8	5,502.2	0.0	0.0	0.0	1,290.1	171,550.6	0.0	157.0	0.0	0.0	0.0	178,499.9	-172,840.8	0.0	-289.6	5,369.5
Water shares - Living Murray Program	High	5,559.0	4,521.3	0.0	5,559.0	0.0	0.0	0.0	-5,920.6	-4,159.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Broken system																		
Broken system water use registration	High	90.0	16.1	0.0	73.9	0.0	0.0	838.2	0.0	288.0	0.0	0.0	0.0	1,216.2	-1,216.2	0.0	0.0	0.0
	Low	18.9	0.0	0.0	18.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.9	-18.9	0.0	0.0	0.0



Table 1.7 VEWH water account summary in the northern region in 2020-21

VEWH Water Holdings 2020-21 – northern region																		
Entitlement	Reliability	Entitlement at 1 July 2020 (ML)	Carryover from 2019-20 (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)	Net commercial trade (ML)	Adjustments (ML)	Total available water (ML)	Water use (ML)	Allocation loss in season (ML)	Evaporation deduction (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K	L = A+B+C+D +E+F+G+H+I+J+K	M	N	O	P = L+M +N+O
Campaspe system																		
Campaspe River Environmental Entitlement 2013	High	20,652.0	4,750.3	0.0	20,652.0	0.0	0.0	4,859.8	0.0	-1,431.3	0.0	0.0	0.0	28,830.8	-24,836.0	0.0	-199.7	3,795.1
	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
Campaspe River withheld passing flow account ²	Passing flows	N/a	479.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	479.1	0.0	0.0	-24.0	455.1
Coliban withheld passing flow account ²	Passing flows	N/a	1,141.8	0.0	808.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,950.4	-59.6	-1,201.1	-57.1	632.7
Environmental Entitlement (Campaspe River - Living Murray Initiative) 2005	High	126.0	100.8	0.0	126.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	226.8	-194.0	0.0	0.0	32.8
	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

Table 1.7 VEWH water account summary in the northern region in 2020-21

VEWH Water Holdings 2020-21 – northern region																		
Entitlement	Reliability	Entitlement at 1 July 2020 (ML)	Carryover from 2019-20 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Special rule borrow (ML)	Return flow credit (ML) ¹	Net transfer CEW (ML)	Net transfer TLM (ML)	Net transfer VEWH (ML)	Donations (ML)	Net commercial trade (ML)	Adjustments (ML)	Total available water (ML)	Water use (ML)	Allocation loss in season (ML)	Evaporation deduction (ML)	Closing balance (ML)
			A	B	C	D	E	F	G	H	I	J	K	L = A+B+C+D+E+F+G+H+I+J+K	M	N	O	P = L+M+N+O
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	1,238.6	0.0	0.0	0.0	5,238.6	-3,238.6	0.0	0.0	2,000.0
	High	1,480.0	0.1	0.0	1,479.9	0.0	0.0	0.0	0.0	1,935.9	0.0	0.0	0.0	3,415.9	-3,415.9	0.0	0.0	0.0
	Trigger based	7,490.0	0.0	0.0	7,638.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,638.0	-7,638.0	0.0	0.0	0.0
	Low	2,024.0	0.0	0.0	0.0	0.0	0.0	1,895.8	0.0	0.0	0.0	0.0	0.0	1,895.8	-1,895.8	0.0	0.0	0.0
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
Loddon River freshening flows account	High	0.0	0.0	0.0	828.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	828.0	-828.0	0.0	0.0	0.0
Loddon River withheld passing flow account	Passing flows	n/a	0.0		472.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	472.2	-472.2	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	0.0	200.0	0.0	-100.0	0.0	100.0
NORTHERN VICTORIA TOTAL		615,205.6	150,547.8	0.0	255,864.6	-50,000.0	431,326.9	87,169.2	-45,317.9	-71,307.7	36.0	0.0	233,150.0	991,468.9	-592,815.9	-3,426.2	-5,330.9	389,896.0

- 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.
- 233,150 ML of Barmah Millewa Environmental Water Allocation was paid back to VEWH in 2020-21. This volume is a portion of the volume borrowed by Goulburn-Murray Water in accordance with entitlement rules in 2019-20 and 2020-21. During 2020-21 99,700 ML remained borrowed for the entire year.



Table 1.8 VEWH water account summary for the Snowy Environmental Reserve in 2020-21

VEWH Water Holdings 2020-21 – Snowy Environmental Reserve										
River System	Entitlement	Reliability	Entitlement at 1 July 2020 (ML)	Carryover from 2019-20 (ML)	Carryover lost to spill	Allocation (ML)	Net transfer (ML) ¹	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	2,979.4	0.0	29,794.0	-31,581.6	1,191.8	0.0	1,191.8
	Water shares - Snowy River Environmental Reserve	High	14,670.9	3,746.2	0.0	14,670.9	-17,830.0	587.1	-29.4	557.7
		Low	6,423.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goulburn	Bulk Entitlement (Snowy - Environment) Order 2005	High	30,252.0	3,630.2	0.0	30,252.0	-33,882.2	0.0	0.0	0.0
		Low	8,156.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Water shares - Snowy River Environmental Reserve	High	8,320.9	948.7	0.0	8,320.9	-9,269.5	0.1	0.0	0.1
		Low	17,852.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loddon	Water shares - Snowy River Environmental Reserve	High	470.0	53.6	0.0	416.4	-470.0	0.0	0.0	0.0
SNOWY RESERVE TOTAL			115,939.2	11,358.1	0.0	83,454.2	-93,033.3	1,779.0	-29.4	1,749.6

¹ The net transfer represents the volume transferred to the Snowy River water recovery project except for 3,519.4 ML of non-Snowy water carried over from 2019-20 and transferred to a VEWH entitlement in the Murray system during 2020-21.

1.5 Five year financial summary

Table 1.9 below provides a financial summary for the VEWH operations in 2020-21.

Table 1.9 Financial summary

	2020-21 \$	2019-20 \$	2018-19 \$	2017-18 \$	2016-17 \$
Government contributions / grants ¹	9,759,974	10,197,454	8,329,997	8,427,391	10,776,507
Sale of water allocation ²	0	0	4,861,725	1,924,535	1,000,319
Interest	22,654	98,460	110,100	106,110	109,199
Total revenue	9,782,628	10,295,914	13,301,822	10,458,036	11,886,025
Environmental Water Holdings and transaction expenses	(6,468,094)	(7,172,254)	(6,541,731)	(6,535,185)	(5,134,180)
Grants	(4,690,425)	(514,723)	(2,729,804)	(1,917,576)	(2,104,435)
Employee expenses	(2,826,517)	(2,580,205)	(2,166,564)	(1,841,708)	(1,632,990)
Supplies and services	(834,858)	(869,949)	(1,161,710)	(1,147,304)	(1,001,390)
Total expenditure	(14,819,894)	(11,137,131)	(12,599,809)	(11,441,773)	(9,872,995)
Total assets³	5,706,071	10,373,730	12,114,915	10,257,206	11,216,171
Total liabilities	1,355,728	1,042,833	1,925,693	766,140	733,919

- Includes revenue from the Living Murray program or Commonwealth Environmental Water Holder, for entitlement charges and water delivery costs associated with delivery of their Water Holdings.
- The sale of water allocation is a variable and unreliable revenue source as it is dependent on the seasonal conditions and availability at a point in time. No sale of water allocation occurred in 2020-21.
- 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.



SECTION ONE

1.6 Current year financial review

The VEWH's year-end position was an overall deficit of \$4.98 million. This reflects the planned draw down on carried forward funds for the Koondrook Fishway project and other activities funded by prior year revenue.

The VEWH used \$4.57 million of funds held in trust to fully pay its contribution to the Koondrook Fishway project. This was funded by revenue received in 2018-19 from the sale of water allocation. The project aims to boost native fish populations in northern Victoria (see Case Study 1, page 12).

Activities that were deferred from 2019-20 resulting from the COVID-19 pandemic were completed using carried forward Environmental Contribution funds.

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 purchase future water allocation to meet priority watering actions in different systems or in different years and to manage inter-annual seasonal variability.

Funds were retained in 2020-21 due to reduced storage fees arising from Goulburn-Murray Water's review of past charges. Carry forward funds are planned to be used for future water deliveries and 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 2019-20 and 2020-21 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 and the Victorian Government applied various levels of restrictions to Metropolitan Melbourne and Regional Victoria. 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 2020-21.

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.

SECTION TWO

Figure 2.1 Governance structure, as at 30 June 2021



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 2020-21 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, including her current role as a board director of Southern Rural Water where she chairs the Asset Governance 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 board director at Grampians Wimmera Mallee Water where she chaired the 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.
- Rueben Berg** (*Commissioner*)
 Rueben is a Gunditjmara man and the founder and Managing Director of RJHB Consulting. Rueben is a member of the First Peoples' Assembly of Victoria, the Heritage Council of Victoria and a Director at Westernport Water. In addition, Rueben is a founder and director of the Indigenous Ultimate Association and the Chair of the Ultimate Rules Sub-committee for the World Flying Disc Federation. He has a Bachelor of Architecture.
- Jennifer Fraser** (*Commissioner*)
 Jennifer has extensive background in governance, public administration, policy and legislation development, and in the application of natural resource management. In addition to being a Commissioner for the VEWH, Jennifer is also a co-Deputy Chair and Director of the East Gippsland Catchment Management Authority, and a member of the Victorian Marine and Coastal Council. She has had previous roles as the Victorian Director of Groundwater and Licensing, as a sessional member of Planning Panels Victoria and as the Chairperson of the Council of Medley Hall at the University of Melbourne.

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

The Commission's meeting schedule for 2020-21 has included eight ordinary meetings, a strategy meeting and participation in out-of-session decisions on eight additional occasions throughout the year.

Table 2.1 VEWH Commission membership and meeting attendance 2020-21

Name	Term	Attended	Eligible to attend
Christopher Chesterfield	1 July 2020 to 30 June 2021	7	8
Peta Maddy	1 July 2020 to 30 June 2021	8	8
Rueben Berg	1 July 2020 to 30 June 2021	8	8
Jennifer Fraser	1 July 2020 to 30 June 2021	8	8

SECTION TWO

2.3 Risk and Audit Committee membership and roles

In 2020-21, Risk and Audit Committee (RAC) members were:

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

The RAC is an independent body established in accordance with the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*. It provides assurance to the VEWH Commission that the organisation's risk and control environment is operating effectively and efficiently. Members are appointed by the VEWH Commission, usually for a two-year period and are subject to the RAC terms of reference. All RAC members are independent. Vincent Philpott and Beverley Excell are also external members. Meetings are held quarterly and at other times as required. In 2020-21 the committee met four times.

Table 2.2 Risk & Audit Committee membership and meeting attendance 2020-21

Name	Term	Attended	Eligible to attend
Vince Philpott, Chairperson	1 July 2020 to 30 June 2021	4	4
Beverley Excell	1 July 2020 to 30 June 2021	4	4
Jennifer Fraser	1 July 2020 to 30 June 2021	4	4
Peta Maddy	1 July 2020 to 30 June 2021	4	4

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. VEWH staff attended a Safe and Respectful Workplace workshop program during the year. Occupational Health and Safety is a standing item in staff meetings. A comprehensive safety induction has been undertaken with all 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 2020-21*.

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 are providing 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 2020-21, VEWH staff participated in the Victorian Public Service People Matter survey. In 2020-21, the Commission initiated a coaching programme for the Co-CEO's.

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 are providing remote learning for their children have been essential in supporting staff through COVID-19.

Also see Table 3.1 Workforce data on page 47.

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 2021, the VEWH employed 18 staff (16 Full Time Equivalent) compared with 21 staff (17.8 FTE) on 30 June 2020. There were three vacant full-time positions at 30 June 2021.

The proportion of women was 56 percent in 2021 compared with 66 percent on 30 June 2020.

Employees have been correctly classified in workforce data collections.

SECTION THREE

Table 3.1 Workforce data¹

Classification	2020-21		2019-20	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive Officers	2	1.6	2	1.2
Project Officers	16	14.4	19	16.6
Total	18	16	21	17.8
Men	8	7.3	7	6
Women	10	8.7	14	11.8
Total	18	16	21	17.8

- 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.

In 2020-21, the VEWH did not enter into any contracts to which the Local Jobs First – VIPP and MPSG applies.

4.2 Social Procurement

The VEWH is fully committed to supporting the Victorian Government's directions under the Social Procurement Framework and recognise that we play a key role in advancing social and sustainable outcomes for Victorians.

In 2020-21, the VEWH updated its procurement policies to include VEWH's social procurement commitment. Two objectives were prioritised as detailed in table 4.1. These objectives were chosen based on their high degree of alignment with the VEWH's strategic direction and values as well as being best positioned to advance our identified social procurement opportunities.

Table 4.1 VEWH's social procurement commitment

Objective selected by VEWH	Intended actions
Opportunities for Victorian Aboriginal people.	Purchasing from Victorian Aboriginal businesses. Employment of Victorian Aboriginal people by suppliers to the Victorian Government.
Sustainable Victorian social enterprise and Aboriginal business sectors.	Purchasing from Victorian social enterprises and Aboriginal businesses.

To support the VEWH's social procurement commitment, a Victorian Aboriginal business, Mazart Communications, was engaged to design *Reflections 2019-20*. Reflections is a VEWH publication that shows where, how and why we use water for the environment and to demonstrate the environmental, economic, cultural and social benefits it provides for Victorian communities each year.

The VEWH will continue to embed social and sustainable outcomes in our procurement decision-making.

4.3 Government advertising and expenditure

In 2020-21, the VEWH had no government campaign expenditure.

SECTION FOUR

4.4 Consultancy expenditure

The VEWH maintains a register of contracts, including consultancies.

Consultancies over \$10,000

In 2020-21, there were six consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies was \$192,495 (excl. GST) and is detailed in Table 4.2.

Table 4.2 Consultancies over \$10,000

Consultant	Purpose of the consultancy	Start Date	End Date	Total Project Fees Approved (Excl GST) \$	Total Expenditure in 2020-21 (Excl GST) \$	Future Expenditure (Excl GST) \$
Truui	Environmental watering outcomes reporting.	08-May-20	30-Jun-21	75,000	52,500	nil
CSIRO	Landscape scale prioritisation project (Stage 2 northern region trial) - documenting habitat and watering requirements of waterbirds.	25-Mar-20	30-Oct-20	54,857	40,523	nil
ARI	Research to assist watering regimes at Third Reedy Lake for the Southern Purple Spotted Gudgeon.	09-Nov-20	31-Jan-21	40,300	35,300	nil
DG Consulting	Facilitation and preparation of reports for 2021 operational risk management workshops.	25-Jan-21	06-May-21	31,610	31,610	nil
Alluvium	Review of process used to mitigate third-party risks of environmental water delivery and the appropriateness of using notifications to inform the public about environmental watering activities.	26-Feb-20	31-Aug-20	30,800	2,562	nil
ARI	Developing a model to assess vegetation responses to environmental watering at Hattah Lakes.	14-Jun-19	21-Sep-20	30,000	30,000	nil

Consultancies under \$10,000

In 2020-21, there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2020-21 in relation to these consultancies were \$12,507 (excl. GST).

4.5 Information and Communication Technology expenditure

For the 2020-21 reporting period, the VEWH had a total Information and Communications Technology (ICT) expenditure of \$146,048 with the details shown in Table 4.3.

Table 4.3 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
\$101,648	\$44,400	\$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.

4.6 Major contracts

The VEWH did not enter into any contracts greater than \$10 million in value during 2020-21.

4.7 Freedom of information

The *Freedom of Information Act 1982* allows public 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 \$30.10 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.

4.8 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*.

SECTION FOUR

4.9 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.

4.10 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
GPO Box 24234, Melbourne, VIC 3001
Telephone: 1300 735 135
Website: www.ibac.vic.gov.au
Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures.

4.11 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*.

4.12 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 2020-21*.

4.13 Availability of other information

Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, 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*).

SECTION FOUR

4.14 Asset Management Accountability Framework maturity assessment

The Asset Management Accountability Framework (AMAF) is a mandatory, non-prescriptive framework for managing public assets in Victoria. The VEWH does not have any physical or intangible assets and therefore, the AMAF maturity assessment is not applicable to the VEWH.

4.15 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 no Material Compliance Deficiencies with respect to the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

Christopher Chesterfield



Chairperson
Victorian Environmental Water Holder
11 October 2021

Financial statements

- 30 June 2021



SECTION FIVE

FINANCIAL STATEMENTS		PAGE
Chairperson's, Accountable Officers' and Chief Finance Officer's declaration		56
Comprehensive operating statement		57
Balance sheet		58
Cash flow statement		59
Statement of changes in equity		59
 NOTES TO THE FINANCIAL STATEMENTS		
1.	About this report	60
	<i>The basis on which the financial statements have been prepared and compliance with reporting regulations</i>	
2.	Funding the delivery of our services	62
	<i>Income and revenue recognised from grants, sale of water allocation and other sources</i>	
3.	The cost of delivering services	64
	<i>Employee expenses and provisions, operating expenses and grants</i>	
4.	Other assets and liabilities	69
	<i>Working capital balances, and other assets and liabilities</i>	
5.	How we financed our operations	72
	<i>Cash and deposits, cash flow information, and commitments for expenditure</i>	
6.	Risk, contingencies and valuation judgements	73
	<i>Financial risk management, contingent assets and liabilities as well as fair value determination</i>	
7.	Other disclosures	76
	<i>Ex-gratia expenses, responsible person and executive remuneration, related party disclosures, subsequent events and Australian Accounting Standards issued that are not yet effective</i>	

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 2021 and financial position of the VEWH at 30 June 2021.

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 11 October 2021.

Christopher Chesterfield
Chairperson



Dr Sarina Loo
Co-Chief
Executive Officer



Paulo Lay
Co-Chief
Executive Officer



Rowan Jennion
Chief Finance Officer



SECTION FIVE

Comprehensive operating statement For the financial year ended 30 June 2021

	Notes	2021 \$	2020 \$
Income and revenue from transactions			
Government grants	2.1	9,759,974	10,197,454
Sale of water allocation	2.1	0	0
Interest	2.1	22,654	98,460
Total income and revenue from transactions		9,782,628	10,295,914
Expenses from transactions			
Employee expenses	3.1.1	(2,826,517)	(2,580,205)
Environmental water holdings and transaction expenses	3.2	(6,468,094)	(7,172,254)
Grants	3.3	(4,690,425)	(514,723)
Supplies and services	3.4	(834,858)	(869,949)
Total expenses from transactions		(14,819,894)	(11,137,131)
Net result from transactions (net operating balance)		(5,037,266)	(841,217)
Other economic flows			
Gain / (loss) from revaluation of long service liability	3.1.2(b)	56,712	(17,108)
Net result / Comprehensive result		(4,980,554)	(858,325)

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

Balance sheet

As at 30 June 2021

	Notes	2021 \$	2020 \$
Assets			
Financial assets			
Cash and deposits	5.1	4,073,034	9,315,435
Receivables	4.1	1,611,303	1,012,412
Total financial assets		5,684,337	10,327,847
Non-financial assets			
Prepayments	4.2	21,734	45,883
Total non-financial assets		21,734	45,883
Total assets		5,706,071	10,373,730
Liabilities			
Payables	4.4	507,358	352,564
Employee related provisions	3.1.2	848,370	690,269
Total liabilities		1,355,728	1,042,833
Net assets		4,350,343	9,330,897
Equity			
Accumulated surplus		4,350,343	9,330,897
Net worth		4,350,343	9,330,897
Commitments for expenditure	5.2		
Contingent assets and contingent liabilities	6.2		

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

SECTION FIVE

Cash flow statement For the financial year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts			
Receipts from governments		9,159,917	10,037,048
Receipts from other entities		0	0
Interest received		22,654	98,460
Net GST received/(paid) to the ATO		1,165	34,498
Total receipts		9,183,736	10,170,006
Payments			
Payments to suppliers and employees		(9,735,712)	(11,517,236)
Payments of grant expenses		(4,690,425)	(514,723)
Total payments		(14,426,137)	(12,031,959)
Net cash flows from/(used in) operating activities	5.1.1	(5,242,401)	(1,861,953)
Net increase/(decrease) in cash and cash equivalents		(5,242,401)	(1,861,953)
Cash and cash equivalents at the beginning of the financial year		9,315,435	11,177,388
Cash and cash equivalents at the end of the financial year	5.1	4,073,034	9,315,435

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 2021

	Accumulated surplus \$
Balance at 1 July 2019	10,189,222
Comprehensive result	(858,325)
Balance as at 30 June 2020	9,330,897
Comprehensive result	(4,980,554)
Balance as at 30 June 2021	4,350,343

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 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 impact on income during the year or the value of assets and liabilities at the end of the financial year. In the previous financial year some budgeted expenditure was deferred due to restrictions on movement by staff and external stakeholders and working from home conditions. This expenditure and the related activities were completed in 2020-21.

In line with broader government directives the VEWH moved to a hybrid operating model where staff are encouraged to work flexibly both from home and the office. There has been no material impact on the financial statements as a result of this change.

2. Funding the delivery of our services

Introduction

The VEWH's overarching objective is to manage Victoria's environmental water holdings. 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 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

	2021 \$	2020 \$
Government grants		
Grants from DELWP	7,500,000	8,155,000
Grants from Commonwealth	2,259,974	1,993,954
Specific purpose grants	0	48,500
Total government grants	9,759,974	10,197,454
Sale of water allocation		
Sale of water allocation	0	0
Total sale of water allocation	0	0
Interest		
Interest from cash and deposits	22,654	98,460
Total interest	22,654	98,460

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 Commonwealth are recognised in this way. These grants are for managing environmental water entitlements and for the VEWH's staff costs and administration.

Income from **specific purpose grants** that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers under AASB 15 when the VEWH satisfies the performance obligation. Specific purpose grants are usually for the delivery of a specified activity or service related to the environmental water program. Revenue is recognised when the VEWH satisfies the performance obligation by providing the service or activity. This is recognised based on the



2. Funding the delivery of our services (continued)

consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. When a performance obligation is satisfied prior to consideration being received, a contract asset is created. Consideration received prior to satisfying the performance obligation is recorded as a contract liability until the obligation is met.

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. 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.

Structure

- 3.1 Employee benefits
 - 3.1.1 Employee expenses
 - 3.1.2 Employee related provisions
 - 3.1.2 (a) Movement in provisions for 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

	2021 \$	2020 \$
Employee expenses		
Salary and wages	(2,113,143)	(1,957,231)
Superannuation	(220,361)	(207,664)
Annual and long service leave	(364,753)	(287,827)
Other on-costs (fringe benefits tax, payroll tax and WorkCover premium)	(128,260)	(127,483)
Total employee expenses ⁽ⁱ⁾	(2,826,517)	(2,580,205)

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

Employee expenses include all costs related 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.

	2021 \$	2020 \$
Current provisions		
Employee benefits – annual leave		
Unconditional and expected to be settled within 12 months ⁽ⁱ⁾	257,013	228,468
Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾	5,655	5,298
Employee benefits – long service leave		
Unconditional and expected to be settled within 12 months ⁽ⁱ⁾	46,221	25,958
Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾	361,980	221,903
Total employee benefits	670,869	481,627
Provisions for on-costs		
Unconditional and expected to be settled within 12 months ⁽ⁱ⁾	47,419	40,432
Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾	59,248	37,300
Total provision for on-costs	106,667	77,732
Total current provisions	777,536	559,359
Non-current provisions		
Employee benefits ⁽ⁱ⁾⁽ⁱⁱ⁾	60,998	112,435
Provisions for on-costs ⁽ⁱⁱ⁾	9,836	18,475
Total non-current provisions	70,834	130,910
Total provisions	848,370	690,269

⁽ⁱ⁾ The amounts disclosed are nominal amounts.

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

3.1.2(a) Movement in provisions for on-costs

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

	On-costs 2021 \$
Opening balance	96,207
Additional provisions recognised	38,011
Reduction arising from payments	(26,693)
Unwind of discount and effect of changes in the discount rate	8,978
Closing balance	116,503
Current	106,667
Non-current	9,836
Total	116,503

3. The cost of delivering services (continued)

Wages and salaries, annual leave and sick leave

Liabilities for **wages and salaries** (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 an unconditional 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	
	2021 \$	2020 \$	2021 \$	2020 \$
Defined contribution plans				
VicSuper	122,390	128,339	0	3,163
Other	97,971	77,414	0	1,908
Total	220,361	205,753	0	5,071

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

	2021 \$	2020 \$
Environmental water holdings and transaction expenses		
Water storage	(4,762,119)	(5,695,820)
Delivery fees	(1,679,433)	(1,460,751)
Water purchases	0	0
General delivery expenses (including statutory fees)	(26,542)	(15,683)
Total environmental water holdings and transaction expenses	(6,468,094)	(7,172,254)

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

3.3 Grants expenses

	2021 \$	2020 \$
Grants		
Grants to water corporations	0	(177,318)
Grants to catchment management authorities	(58,079)	(252,405)
Grants to DELWP for specific projects	(4,632,346)	(85,000)
Total grants	(4,690,425)	(514,723)

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

	2021 \$	2020 \$
Supplies and services		
Contract and professional services	(312,450)	(376,998)
General expenses	(231,550)	(130,488)
Office and accommodation	(171,726)	(172,512)
IT expenses	(79,882)	(85,421)
Postage, telephone and other office expenses	(17,458)	(27,017)
Travel and related costs	(12,132)	(62,248)
Community awareness and publicity	(9,660)	(15,265)
Total supplies and services	(834,858)	(869,949)

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

	2021 \$	2020 \$
Victorian Auditor-General's Office		
Audit of the financial statements	(15,000)	(7,400)
Total audit fees	(15,000)	(7,400)

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 Water entitlements
- 4.4 Payables
 - 4.4.1 Maturity analysis of contractual payables

4.1 Receivables

	2021 \$	2020 \$
Current receivables		
Contractual		
Trade receivables	0	0
Amounts owing from DELWP	782,882	654,557
Accrued income	814,239	342,508
Total contractual receivables	1,597,121	997,065
Statutory		
GST input tax credit recoverable	14,182	15,347
Total statutory receivables	14,182	15,347
Total current receivables	1,611,303	1,012,412

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. Statutory receivables and as a result statutory receivables are recognised at fair value plus any directly attributable transaction cost.

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 Water entitlements

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

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

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

4.4 Payables

Current payables	2021	2020
	\$	\$
Contractual		
Trade creditors	0	29
Accrued expenses	507,358	352,535
Total contractual payables	507,358	352,564
Statutory		
Taxes payable	0	0
GST input tax credit payable	0	0
Superannuation payable	0	0
Total statutory payables	0	0
Total current payables	507,358	352,564

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 a contract.

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 \$
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
2020				
Payables				
Trade creditors	29	29	29	0
Accrued expenses	352,535	352,535	352,535	0
Total	352,564	352,564	352,564	0

The average credit period is usually 30 days. In response to the COVID-19 outbreak, 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

	2021 \$	2020 \$
Total funds held in trust – cash and deposits	4,073,034	9,315,435
Balance per cash flow statement	4,073,034	9,315,435

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

	2021 \$	2020 \$
Net result for the year	(4,980,554)	(858,325)
Non-cash movements		
Net gain/(loss) arising from revaluation of long service liability	56,712	(17,108)
Movements in assets and liabilities		
(Increase)/Decrease in receivables	(598,891)	(114,183)
(Increase)/Decrease in prepayments	24,149	(6,584)
Increase/(Decrease) in payables	154,794	(1,007,583)
Increase/(Decrease) in provisions	101,389	141,830
Net cash flows from / (used in) operating activities	(5,242,401)	(1,861,953)

5.2 Commitments for expenditure

At 30 June 2021 there were no commitments arising for future expenditure from contracts (2020: 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, which relate mainly to fair value determination.

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 interests.

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 originate. 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 2021 the VEWH did not have trade receivables past due (2020: Nil). On this basis, the VEWH determined no allowance for expected credit loss was required at end of the financial year (2020: 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 0.33% (2020: 0.84%). All other financial instruments are non-interest bearing and have no interest rate exposure.

Interest rate sensitivity and assumptions

The VEWH believes a parallel shift of +0.5% and -0.5% 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	
		-0.5% -50 basis points	+0.5% +50 basis points
2021			
Contractual financial assets			
Cash and deposits ⁽ⁱ⁾	4,073,034	(20,365)	20,365
2020			
Contractual financial assets			
Cash and deposits ⁽ⁱ⁾	9,315,435	(46,577)	46,577

⁽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 2021 there were no contingent assets or contingent liabilities (2020: 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 (2020: 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 MP Minister for Water 1 July 2020 to 30 June 2021

The Hon. Richard Wynne MP Acting-Minister for Water 15 February 2021 to 30 June 2021

Commissioners

Christopher Chesterfield Chairperson 1 July 2020 to 30 June 2021

Peta Maddy Deputy Chairperson 1 July 2020 to 30 June 2021

Rueben Berg 1 July 2020 to 30 June 2021

Jennifer Fraser 1 July 2020 to 30 June 2021

Co-Chief Executive Officers

Sarina Loo Accountable Officer 1 July 2020 to 30 June 2021

Beth Ashworth Accountable Officer 1 July 2020 to 9 December 2020

Paulo Lay Accountable Officer 2 December 2020 to 30 June 2021

During the financial year Co-Chief Executive Officer Beth Ashworth commenced leave and remains employed by the VEWH. To perform the role during the leave period Paulo Lay was appointed to the position of Co-Chief Executive Officer.

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.

	2021 No.	2020 No.
Income band		
\$30,000 - \$39,999	3	2
\$40,000 - \$49,999	0	1
\$70,000 - \$79,999	2	1
\$90,000 - \$99,999	1	0
\$130,000 - \$139,999	0	1
\$140,000 - \$149,999	1	1
Total number of responsible persons	7	6
Total remuneration	\$ 516,531	\$ 485,730

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

7.3 Remuneration of executives

The VEWH did not have any **executive officers** that meet the disclosure definition of FRD 21C *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 Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

7. Other disclosures (continued)

	2021 \$	2020 \$
Compensation of KMPs		
Short-term benefits	463,036	437,041
Post-employment benefits	44,621	41,977
Other long-term benefits	8,874	6,712
Total remuneration	516,531	485,730

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 (2020: 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 entities. Funding agreements allocated a share of the environmental contribution collected by the State to the VEWH.

		2021 \$	2020 \$
Receipts during the year			
Department of Environment, Land, Water and Planning	for managing VEWH's environmental water entitlements.	4,262,482	5,041,284
Department of Environment, Land, Water and Planning	for VEWH staff costs and administration.	3,237,518	3,162,216
Receivables and accruals at 30 June			
Department of Environment, Land, Water and Planning		782,882	654,557

7. Other disclosures (continued)

The VEWH entered into agreements and made payments to the following government related entities. Payments were for the **provision of general operating costs and services**. These agreements were on normal terms and conditions.

		2021 \$	2020 \$
Payments made during the year			
Department of Environment, Land, Water and Planning	for managing a range of projects to improve environmental water management and outcomes.	4,656,346	61,000
Department of Environment, Land, Water and Planning	for secondment of staff.	0	4,186
Department of Premier and Cabinet	for secondment of staff.	13,385	0
Department of Treasury and Finance	for shared service vehicle hire.	0	12,948
Victorian Government Solicitor's Office	for legal advice during the year.	4,759	0
Victorian Managed Insurance Authority	for insurance coverage.	0	50,457
Victorian Public Sector Commission	for internship and training programs.	0	9,555

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.

		2021 \$	2020 \$
Payments made during the year			
Corangamite Catchment Management Authority		17,026	82,031
Glenelg Hopkins Catchment Management Authority		35,186	15,186
Goulburn Broken Catchment Management Authority		6,102	72,870
Goulburn Murray Rural Water Corporation ⁽ⁱ⁾		521,525	612,880
Grampians Wimmera Mallee Water Corporation ⁽ⁱ⁾		238,645	530,329
Lower Murray Urban and Rural Water Corporation		40,063	264,540
Mallee Catchment Management Authority		562,871	422,954
North Central Catchment Management Authority		13,646	145,437
North East Catchment Management Authority		0	5,000
West Gippsland Catchment Management Authority		0	36,410
Wimmera Catchment Management Authority		2,500	7,040

⁽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)

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.

	2021 \$	2020 \$
Payments made during the year		
Central Highlands Region Water Corporation	41,258	41,258
Gippsland and Southern Rural Water Corporation	492,765	361,631
Goulburn Murray Rural Water Corporation ⁽ⁱ⁾	3,815,079	4,699,544
Grampians Wimmera Mallee Water Corporation ⁽ⁱ⁾	329,561	459,588
Melbourne Water Corporation	117,971	0

⁽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.

Payables and accruals at 30 June		
Corangamite Catchment Management Authority	46,020	0
Department of Environment, Land, Water and Planning	0	24,000
Gippsland and Southern Rural Water Corporation	18,917	15,000
Glenelg Hopkins Catchment Management Authority	0	25,693
Goulburn Murray Rural Water Corporation	120,741	5,396
Grampians Wimmera Mallee Water Corporation	45,000	3,200
Lower Murray Urban and Rural Water Corporation	67,658	0
Mallee Catchment Management Authority	172,990	10,750
Melbourne Water Corporation	0	117,971
North Central Catchment Management Authority	10,247	1,595

7.5 Subsequent events

Subsequent to the end of the financial year COVID-19 has continued to have a significant impact on the economic environment, that the VEWH is operating in. The Victorian Government applied various levels of restrictions to Metropolitan Melbourne and Regional Victoria. 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 2021 and the date of final approval of this general purpose financial report that qualifies for inclusion as a post balance date event.

7. Other disclosures (continued)

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 2020-21 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 AASs have been assessed as not applying and having no impact on the VEWH's financial report:

- *AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*; and
- *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 2021 • 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 2021 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 Victorian Environmental Water Holder'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 Victorian Environmental Water Holder'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
13 October 2021



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 22I	Manner of establishment and the responsible Minister/s	3
FRD 22I	Objectives, functions, powers and duties	3
FRD 22I	Key initiatives and projects	18
FRD 22I	Nature and range of services provided	4
Management and structure		
FRD 22I	Organisational structure & Governing board	42
Financial and other information		
FRD 10A	Disclosure index	84
FRD 12B	Disclosure of major contracts	50
FRD 22I	Employment and conduct principles	46
FRD 22I	Occupational Health and Safety	45
FRD 22I	Workforce data	47
FRD 22I	Summary of the financial results for the year	41
FRD 22I	Significant changes in financial position during the year	41
FRD 22I	Significant changes or factors affecting performance	41
FRD 22I	Subsequent events	41
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	50
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	50
FRD 22I	Statement on Competitive Neutrality Policy	51
FRD 22I	Application and operation of the <i>Public Interest Disclosure Act 2012</i>	51
FRD 22I	Application and operation of the <i>Carers Recognition Act 2012</i>	46
FRD 22I	Details of consultancies over \$10 000	49
FRD 22I	Details of consultancies under \$10 000	49
FRD 22I	Disclosure of government advertising expenditure	48
FRD 22I	Disclosure of ICT expenditure	50
FRD 22I	Statement of availability of other information	52
FRD 22I	Asset Management Accountability Framework (AMAF) maturity assessment	53
FRD 24C	Reporting of office-based environmental impacts	52
FRD 25D	The <i>Local Jobs First Act 2003</i>	48
SD 5.2	Specific requirements under Standing Direction 5.2	1
<i>Social Procurement Framework</i>	Social Procurement	48

APPENDICES



<i>Legislation</i>	<i>Requirement</i>	<i>Page reference</i>
Report of operations		
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	53
SD 5.2.3	Declaration in Report of Operations	1
Financial Statements		
SD 5.2.2	Declaration in Financial Statements	56
FRD 11A	Disclosure of ex gratia expenses	76
FRD 17B	Wage inflation and discount rates for employee benefits	54
FRD 21C	Disclosures of responsible persons and executive officers in the financial report	76
FRD 110A	Cash flow statements	59
FRD 114C	Financial instruments	73
Other disclosures under Standing Directions 5.2		
FRD 30D	Standard requirements for the publication of Annual Reports	All pages
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	60
SD 5.2.1(a)	Compliance with Ministerial Directions	17
SD 5.2.1(b)	Compliance with Model Financial Report	All pages
Legislation		
	<i>Building Act 1983</i>	50
	<i>Carers Recognition Act 2012</i>	46
	<i>Financial Management Act 1994</i>	60
	<i>Freedom of Information Act 1982</i>	50
	<i>Local Jobs First Act 2003</i>	48
	<i>Public Administration Act 2004</i>	52
	<i>Public Interest Disclosure Act 2012</i>	51
	<i>Water Act 1989</i>	17

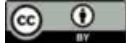
Appendix 2 – Acronyms and Abbreviations

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
AMAF	Asset Management Accountability Framework
ARI	Arthur Rylah Institute for Environmental Research
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
FOI	Freedom of Information
FRD	Financial Reporting Direction
FTE	Full Time Equivalent
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
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
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
WetMAP	Wetland Monitoring and Assessment Program

APPENDICES



© Victorian Environmental Water Holder 2021



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

ISSN: 2200-9582 (Print)

Disclaimer

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

Accessibility

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



VICTORIAN ENVIRONMENTAL
WATER HOLDER

T: (03) 9637 8951

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

PO Box 500, East Melbourne VIC 8002

8 Nicholson Street, East Melbourne VIC 3002

vewh.vic.gov.au

