

VICTORIAN ENVIRONMENTAL
WATER HOLDER

Annual Report

2019-20

Acknowledgement of Victoria's Traditional Owners

The Victorian Environmental Water Holder 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 value their ongoing contribution to managing Victorian landscapes. We also recognise and value the contribution of Aboriginal people and communities to Victorian life and how this enriches us.

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



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Year in review

1.1 Chairperson and Chief Executive Officer Report

This annual report provides highlights of the 2019-20 Victorian environmental watering year, reports on the Victorian Environmental Water Holder's (VEWH) performance against the *Corporate Plan 2019-20 to 2022-23* and provides a brief analysis of the VEWH's management of Victoria's environmental water entitlements in 2019-20.

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 state-wide environmental watering program. Also essential is being able to adapt to short- and longer-term changes in weather and climate. These effects were starkly apparent in 2019-20 with the devastating summer bushfires following drier than average conditions over the previous few years.

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, mean 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.

The first water delivery to Horseshoe Lagoon, for Aboriginal cultural and environmental outcomes, is one example of how working collaboratively with our partners brought culture, environment and community together. The event was the culmination of work by the Taungurung water knowledge group Baan Ganalina (Guardians of Water), who have been working closely with Goulburn Broken Catchment Management Authority (CMA) and other partners to bring water back to the lagoon. It saw Taungurung Traditional Owners and local landowners welcoming representatives of Goulburn Broken CMA, Parks Victoria, and the VEWH to celebrate the historic occasion. Early results of the watering on the day showed that many species had already returned to the wetland and many more are expected.

A refreshed Commission took the helm in 2019-20 and a change in governance structure with the move to a non-Executive Chair and Co-Chief Executive Officer (CEO) model. Through these changes, we have seen a strengthening of our organisational governance, continuous improvement in our transparency in decision making and reaped the benefits of diverse knowledge and skill sets.

Coronavirus (COVID-19) has posed an unprecedented challenge for Victorians. For the VEWH, it has changed the way our staff work and the way we connect with each other, our partners and stakeholders. The VEWH will move forward from this challenge taking lessons that we have learned along the way to become a stronger and more resilient organisation. As we enter our tenth year, we will ensure delivery of water for the environment continues to be as efficient and effective as possible, utilising evidence-based and diverse inputs into our decision making.

We affirm that the VEWH has complied with its legislative and financial requirements in 2019-20 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 2020.

Chris Chesterfield



Chairperson,
Victorian Environmental
Water Holder
9 November 2020

Beth Ashworth



Co-Chief Executive Officer,
Victorian Environmental
Water Holder
9 November 2020

Dr Sarina Loo



Co-Chief Executive Officer,
Victorian Environmental
Water Holder
9 November 2020

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: 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 during the reporting period was the Hon. Lisa Neville MP, Minister for Water.

Objectives, functions, powers and duties

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

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



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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.

From March 2020, the VEWH must meet new requirements under section 33DD to consider 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 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 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 climate scenarios: drought, dry, average and wet to very wet. This allows environmental water managers to adapt to conditions and water availability during the year. The VEWH Commission meets throughout the year to approve water for delivery 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.

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 2019-20 the environmental flow recommendations for the Thomson and Latrobe rivers 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 shortfall 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 climatic 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 consider opportunities to use water for the environment to provide additional social, economic, recreational and Aboriginal cultural benefits from the water use. For example, holding water in weirs at specific times to help support local rowing regattas or releasing water 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 to 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.



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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 the event of potential environmental water supply shortfalls, 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 meet the shortfall, 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, or 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. The VEWH and its program partners also consider opportunities for social, economic, recreational and Aboriginal cultural benefits where they can be provided without compromising 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 and other environmental water holders. In some areas, Traditional Owners also have formal land and water management responsibilities.

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

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 VEWH or program partners during planning, delivery or reporting.

Figure 1.1 Key relationships of the VEWH



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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 relationships of the many contributors to the program.

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 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 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 land owners 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 Murray-Darling Basin Authority (MDBA) through the Living Murray Program, and other states.

System-scale coordination between all water holders is facilitated through the Southern Connected Basin Environmental Watering Committee (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/facilitating/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 often a strong intersection between environmental flow objectives and Aboriginal cultural and environmental outcomes. The environmental watering program is improved by genuine, enduring partnerships with Aboriginal people in planning, managing and monitoring water for the environment. The VEWH and its program partners continue to build and strengthen relationships with Traditional Owners.

The VEWH aims to support this through:

- identifying and communicating opportunities to support and strengthen Traditional Owner involvement in the environmental watering program
- strengthening relationships with Traditional Owner representatives

- building VEWH's understanding of and competency to support Traditional Owner aspirations within the environmental watering program
- supporting known aspirations for involvement in the program through provision of water to sites with both ecological and cultural benefits, providing funding for monitoring, engagement or other projects.

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 the 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 us in 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:

- organising and attending workshops and forums (e.g. see Case Study 1, page 13)
- 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 14)
- 1.5 - Five year financial summary (page 36)
- 1.6 - Current year financial review (page 36)
- 2.4 - Occupational Health and Safety (page 41)
- 3 - Workforce data (page 42)
- 5 - Financial Statements (page 49).

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1.4 Performance report (non-financial)

Achievements

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

Table 11: Reporting against outcomes in the Corporate Plan

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 noting:</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 were developed with direct involvement of Traditional Owners • specific watering actions that address climate change. 	<p><i>Seasonal Watering Plan 2020-21</i> was published on 30 June 2020, including:</p> <ul style="list-style-type: none"> • at least ten watering actions based on new information from monitoring, research, prioritisation projects and environmental flows studies • thirty three watering actions that were planned with or are intended to be delivered in partnership with Traditional Owners to support Aboriginal cultural values and uses • the seasonal watering plan supports adaptive climate management by identifying priority watering actions to deliver in each system under drought, dry, average and wet climate scenarios. 278 potential watering actions were identified in the <i>Seasonal Watering Plan 2019-20</i>. Environmental flow recommendations were updated for the Thomson and Latrobe river systems in 2019-20 to specifically consider climate change among other things; the updated recommendations were incorporated into priority watering actions in the <i>Seasonal Watering Plan 2020-21</i>. <p><i>Example activities and achievements provided on page 11.</i></p>
	<p>Water Holdings are used, carried over and traded in accordance with seasonal conditions to close 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 priority watering actions delivered supported by:</p> <ul style="list-style-type: none"> • trend analysis • case studies from VEWH and partner monitoring programs that demonstrate watering outcomes • examples of VEWH-funded works and other projects that have improved environmental water deliveries or potential outcomes. 	<p>Eighty seven percent of required potential watering actions were fully or partially achieved in 2019-20.</p> <p>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.</p> <p><i>Example activities and achievements provided on page 11.</i></p>

Program / outcome	Outcome indicator	Outcome measures	Achievement / Comment
<p><i>Our Communities:</i></p> <p>Engagement, understanding and contribution of partners, stakeholders and communities in the environmental watering program is strengthened.</p>	<p>Participation of Traditional Owners in water for the environment planning and management is increased.</p>	<p>Number of Traditional Owner groups involved in environmental water planning processes, supported by:</p> <ul style="list-style-type: none"> case studies capturing where VEWH has directly facilitated this and feedback from Aboriginal people on its effectiveness. 	<p>Eleven Registered Aboriginal Parties were involved in environmental water planning processes, as well as additional Traditional Owner Nation groups, representative organisations and Aboriginal community representatives (as reported by catchment management authorities).</p> <p><i>See Case Study 3 on page 15 and example activities and achievements on page 12.</i></p>
	<p>Community and stakeholder understanding of and contribution to the watering program is increased.</p>	<p>Percentage of actions of Communications and Engagement Strategy delivered, supported by:</p> <ul style="list-style-type: none"> case studies to illustrate example activities and achievements. 	<p>Seventy 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.</p> <p><i>See Case Study 1 and example activities and achievements on page 12-13.</i></p>
	<p>Program partnerships for coordinated communication and delivery of the environmental watering program are strengthened.</p>	<p>Results of annual survey of key program delivery partners satisfaction with VEWH partnerships.</p> <p>Number of engagement and communications activities and/or products supported.</p>	<p>Ninety seven 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> <p>VEWH supported at least 60 partner activities including media releases, newsletters, fact sheets, FAQs, communication plans and engagement activities.</p>
<p><i>Our Culture:</i></p> <p>VEWH is a highly-capable, well-governed organisation that demonstrates a culture of collaboration, integrity, commitment and initiative.</p>	<p>The VEWH workforce is diverse, engaged and supported to safely deliver the VEWH's work program.</p>	<p>Results of People Matter survey annually and organisational culture survey every four years maintained or improved.</p>	<p>People Matter survey and Organisational Culture Inventory completed in 2019 with results showing overall improved scores. Refer to comments on page 13 for further details.</p>
	<p>VEWH finances are managed effectively.</p>	<p>Variance of actual expenditure to budgeted expenditure is within 10% (excluding trade revenue/ expenditure and water delivery costs).</p>	<p>The variance for 2019-20 is 11.9% below budget. This was primarily caused by the impact of COVID-19 and being unable to begin or complete some activities (e.g. restrictions on movement stopped planned engagement activities between staff and external stakeholders). Working from home conditions also reduced the need for some office and travel expenses. The overall financial outcomes are described in section 1.6.</p>
	<p>Governance requirements are complied with.</p>	<p><i>Water Act 1989</i>, Financial Compliance Management Framework, Ministerial rules and Water Holdings obligations fulfilled on time - 100% compliance.</p>	<p>Governance obligations fulfilled on time and 99% compliant, which represents an increase of two percent from 2018-19. Refer to comments on page 14 for further details.</p>
	<p>Risks are effectively managed to ensure VEWH objectives are achieved.</p>	<p>Corporate risk processes and strategic and operational risks implemented and reviewed annually.</p> <p>Victorian Environmental Watering Program Risk Management Framework implemented annually and reviewed every five years.</p>	<p>VEWH Risk Management Framework, Strategic Risk Register and Risk Appetite Statement reviewed in 2019. Risk and Audit Committee supported.</p> <p>Operational risk workshops held with program partners in 2020.</p>

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

Responding to new information in the Seasonal Watering Plan 2020-21

- The recommended winter/spring low flow in the Thomson River has been increased based on advice from an environmental flows technical panel that a higher flow was needed to prevent encroachment of terrestrial vegetation into the river channel.
- Recommendations for summer/autumn low flows and freshes in the lower Moorabool River were revised after the results of a surface water-groundwater investigation identified a risk that under certain circumstances pool habitats may become disconnected and strand native fish.
- Summer and autumn watering actions in the MacKenzie River and Burnt Creek systems were modified to ensure refuge pools for native fish could be protected using the least amount of water. The new recommendations are based on targeted fish surveys conducted in both systems during 2018-19 and 2019-20.
- Ecological surveys conducted during decommissioning work at Third Reedy Lake detected southern purple spotted gudgeon fish which were previously considered extinct in Victoria. Environmental water will be used at Third Reedy Lake during 2020-21 to maintain the population while long-term conservation management plans are developed.

Complementary works for improved environmental flows outcomes

- Early results indicate huge numbers of native fish have been saved thanks to Australia's first fish screens on gravity-fed irrigation channel diversions at Cohuna, funded by the VEWH. Since installation, no Murray cod larvae were detected drifting into the irrigation channel during the peak larval drift period; that means potentially thousands of Murray cod were able to remain in the creek system where they can better survive and thrive. Before the screens were installed, up to 160 cod larvae were lost to the channel a day.
- The last significant fish barrier on the Glenelg River downstream of Rocklands Reservoir has been removed with the completion of a rock ramp fishway at Warrock in 2020, funded by the VEWH. The fishway provides migratory fish such as tuiing access to an additional 245 km of river, extending the benefits that can be achieved by environmental watering and under lower flow conditions.

Monitoring environmental watering outcomes

- Since environmental flows started in 2010 in the Glenelg River, native fish numbers have seen steady recovery. Some species, such as the estuary perch and tuiing, have returned to the upper Glenelg after more than 50 years of being confined to the lower reaches of the river. Victorian Environmental Flow Monitoring and Assessment Program (VEFMAP) surveys in March 2020 have shown:
 - » tuiing continued to be widespread throughout the river, although the population has shifted to larger (older) individuals over the last two years
 - » the recruitment of river blackfish this year, along with recruitment from previous years, has resulted in healthy blackfish population size distribution with over 500 fish surveyed
 - » over 650 variegated pygmy perch were captured, the highest number observed since the inception of the VEFMAP project; the population includes a healthy size range of fish.
- More than 16 years of monitoring (primarily through the Living Murray program) has revealed the benefits of water for the environment across the Gunbower Forest floodplain, including:
 - » at the river red gum monitoring sites that did not flood between 2005 and 2020, less than half of the trees were in a 'healthy' condition; these trees appeared very drought stressed

- » trees at river red gum monitoring sites that naturally flooded over this period were in slightly better condition with almost 60 percent assessed as 'healthy'
- » the trees in the best condition and which improved the most over the monitoring period were at monitoring sites that flooded naturally and received water for the environment; 75 percent of trees in these more regularly flooded sites were considered 'healthy'.
- VEFMAP fish surveys in the Broken River in 2019 have shown that Murray cod, Murray-Darling rainbow fish and golden perch numbers have increased since 2018-19. A variety of sizes of Murray cod were recorded suggesting strong recruitment, survival and growth.
- Melbourne Water is currently identifying important ecological, social and Indigenous cultural values of billabongs along the lower Yarra and determining appropriate means to enhance them. Recent findings demonstrate that environmental watering at Banyule Billabong in spring 2019 dramatically reduced terrestrial exotic plant cover and promoted native wetland plant cover. In contrast, exotic and terrestrial plant cover often thrive in the absence of flooding at Bolin Bolin Billabong.

Traditional Owner participation and outcomes

- The first delivery of environmental water to Horseshoe Lagoon in the Goulburn system was celebrated with Taungurung Traditional Owners. The event was the culmination of work by the Taungurung water knowledge group Baan Ganalina (Guardians of Water), who worked closely with Goulburn Broken CMA, local land holders and other partners to bring water back to the lagoon and were delighted to see first-hand the birds and other animals that returned to the site after environmental water was delivered.
- The VEWH, North Central CMA and Barapa Barapa and Wamba Wemba Traditional Owners have worked together to provide the first delivery of water to significant wetlands at Guttrum Forest, a long-term goal of local Traditional Owners for many years (see case study 3, page 15).
- The *Seasonal Watering Plan 2020-21* better highlights the contribution of Traditional Owners in environmental water planning and management compared with previous years. New watering opportunities identified in 2020-21 include supporting restoration of significant floodplain sites with the First People of the Millewa-Mallee and other Traditional Owners in the lower Murray region.

Community and stakeholder contribution

- The VEWH held the fifth Environmental Water Matters Forum in March 2020, with 41 stakeholder representatives attending from state-wide peak-body stakeholders and partner agencies on current issues related to water for the environment (see Case Study 1 below). The forum is an opportunity for those stakeholders to hear updates from the VEWH, share knowledge, information and network amongst a diverse range of participants.
- The VEWH continues to support the Victorian Freshwater Fish Habitat and Flows Alliance in its second 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.
- VEWH-funded community platypus monitoring projects in the Glenelg and Goulburn catchments aim to raise community awareness of platypus and environmental flows and build community members' skills in platypus monitoring.



Case Study 1:

Environmental Water Matters Forum 2020

Representatives from a wide range of community and government organisations met to hear and discuss latest developments in water for the environment, at the VEWH's fifth Victorian Environmental Water Matters Forum.

Those in attendance represented groups from many diverse interest areas including irrigators, anglers, Traditional Owners, scientists, environmental groups and educators.

The day included presentations by: the VEWH's Co-Chief Executive Officers on the highlights, challenges and achievements of the environmental watering program from the last two years; a climate change expert; and, a member of the First People's Assembly, representing Aboriginal Victorians in the next phase of the Treaty process.

Professor Ross Thompson from the University of Canberra spoke about the impacts of climate change, drought, bushfires and flood on our waterways. His presentation raised awareness not only of the danger these threats pose, but of the power of water for the environment to make a difference to the ecosystems that they impact.

Rueben Berg spoke about Treaty from his unique perspective of being both a VEWH commissioner and a Member of First Peoples' Assembly of Victoria. His talk was a powerful reminder not just of the significance of the Treaty process, but also of the importance of the other work being done across Victoria to better include Traditional Owners in decision making, especially in the water space.

After hearing from these thought-provoking speakers, the floor was opened to the attendees, who shared their views and those of the members, networks and communities they represent, including on how the VEWH could better engage with these communities.

In response to these discussions the VEWH is:

- helping the people and organisations who attended the forum to connect with each other, to assist with networking and foster ongoing relationships
- developing new communications materials, and amending our existing content, to better communicate the outcomes of environmental watering
- building on relationships with Traditional Owner organisations and working with them to embed Traditional Owner values and interests in water management.

People Matter and organisational culture survey

- The Organisational Culture Inventory (OCI) showed improved scores from 2018 to 2019 with the VEWH moving further into 'constructive' styles of working. The OCI confirmed that the VEWH has a culture that encourages people to approach tasks effectively and engage in positive relationships.
- The 2019 Victorian Public Service 'People Matter' survey results showed overall scores had improved from 2018. Some of the key findings were:
 - » Most staff are proud to work at the VEWH, have a strong personal connection to the organisation and would recommend it as a place to work.
 - » VEWH staff have a high level of respect for each other and for diversity.
 - » Most staff have faith in the senior leadership and feel supported by their manager.
 - » An area for improvement is workload management.

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

- For 2019-20, 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 some operating arrangements and a metering plan are yet to be completed. Since its inception, the VEWH has progressively developed these documents to improve compliance, with only four documents remaining to be completed. The deadline for completing operating arrangements for the Goulburn and Murray systems was extended to 30 September 2020. Operating arrangements and metering plans for the Upper Barwon River Environmental Entitlement 2018 are currently scheduled for completion in 2020-21. No material impacts are expected from the delay in finalising these documents. Operating arrangements for the Campaspe, Loddon and Bullarook 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 2019-20 to 2022-23*. Progress on these focus areas is outlined below.

Our Environment

Strategic focus area: Prioritisation projects progressed to improve VEWH's decision making around environmental water use, carryover, trade and investment with the aim of optimising environmental outcomes.

In 2019-20, the VEWH continued a project in the northern region to more explicitly consider ecological processes that operate at a landscape scale when planning and prioritising use of available environmental water. Landscape-scale planning recognises that many ecological processes operate across large spatial scales and that some environmental objectives will be best achieved by watering combinations of river reaches and wetlands in a coordinated way. The landscape-scale approach is intended to complement the site-based approach that has characterised most environmental water planning to date. The VEWH's landscape-scale prioritisation project considers systems within the Victorian part of the Murray Darling Basin and has two components:

- The first component focuses on how environmental water can be used in wetlands across northern Victoria to increase the size and distribution of colonial nesting waterbirds, particularly spoonbills. It considers the factors that are limiting spoonbill populations across the southern Murray Darling Basin and aims to identify specific wetlands where targeted environmental water use is likely to help overcome those limitations. The VEWH has engaged CSIRO to assist with this component of the project. This project commenced in February 2020 and is on track to be completed in November 2020.
- The second component focuses on how environmental water can be used to maintain or increase the size and distribution of native fish populations in rivers across northern Victoria. It will specifically consider which river reaches provide critical breeding habitats for regional populations, which reaches provide refuge in dry periods and how fish need to move between different reaches throughout their life cycle. This project was due to commence in April 2020 but was delayed due to COVID-19-related resource constraints. It is expected to commence in the second quarter of 2020-21.

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Case Study 2:

Drought Refuge Forum: protecting critical refuge habitats

The VEWH organised and hosted a forum in September 2019 to review lessons learned from the Millennium Drought and share the latest drought management science. The forum was sponsored by the Applied Aquatic Ecology Research Hub and included research scientists, waterway managers and representatives from DELWP.

A key outcome of the forum was a program logic and guidelines for selecting refuge habitats and managing aquatic values through drought. All material from the forum has been shared with Victorian CMAs, Melbourne Water and DELWP and the VEWH presented the main outcomes of the forum at the Environmental Water Reserve Officer Forum in March 2020 and the Victorian Waterway Managers Forum in May 2020.

Our Communities

Strategic focus area: Improved Aboriginal outcomes and inclusion in environmental water planning, management and reporting supported.

In 2019-20, VEWH worked to increase its understanding about the aspirations of different Traditional Owner groups to participate and contribute to decision making in environmental watering. This was done through direct discussions with Traditional Owner representatives, reviewing documentation of Traditional Owners' aspirations (e.g. Country Plans, Water Resource Plan content) and/or participating in partner-led activities and workshops with Traditional Owners. Formal meetings with some Nation groups were not able to take place in 2019-20 as planned due to the COVID-19 pandemic.

Direct investment in several projects between CMAs and Traditional Owner groups has occurred. VEWH's funding supported continuation of the Glenelg Towards Cultural Flows project, participation of Barapa Barapa and Wamba Wemba in the delivery and monitoring of environmental water at Guttrum Forest, and the watering at Ranch Billabong. Watering decisions supported cultural outcomes at Ranch Billabong, Horseshoe Lagoon, Banyule Billabong, Guttrum Forest and others.

Traditional Owner corporations supported development of stories for Reflections 2019-20 and content for seasonal watering proposals and the Seasonal Watering Plan 2020-21. Traditional Owner contributions to the planning process were better represented and incorporated into the Seasonal Watering Plan 2020-21 than in previous years. Documenting Traditional Owner cultural values and uses for the seasonal watering plan and associated processes has strengthened understanding of the status of Traditional Owner participation in the program and will help identify future opportunities to strengthen this.

Case Study 3:

Water for the environment to the rescue at Guttrum Forest

In Guttrum State Forest, an urgent rescue mission was undertaken to save a culturally-rich and ecologically-significant wetland complex. The VEWH, North Central Catchment Management Authority (CMA) and Barapa Barapa and Wamba Wemba Traditional Owners have worked together to deliver much-needed water to the site and will monitor the outcomes of the environmental flows.

Reed Bed Swamp and Little Reed Bed Swamp are nestled low in Guttrum State Forest, on the Murray River near Koondrook. Environmental water managers and Traditional Owners have been increasingly worried that the wetland plants and large old red gum trees surrounding the wetlands were being stretched beyond their tolerances under persistently dry conditions.

"Prior to river regulation and European occupation, Reed Bed Swamp and Little Reed Bed next door would have naturally received some water on average nine out of every 10 years, usually over winter or spring," said North Central CMA Program Delivery Executive Manager Rachel Murphy.

"The wetlands are fairly shallow and would often have dried out after about six to nine months, which provided the perfect conditions for wetland plants and animals to thrive. Upstream river regulation has reduced the frequency, duration and magnitude of flooding in the forest.

"Modelling shows that even during the driest periods, including the devastating Millennium Drought, the mid-Murray floodplains would have historically received some water without river regulation. Given these swamps' low-lying position on the floodplain, they would have received water most years even despite the dry conditions," she said.

Temporary pumps were used to deliver a small allocation of water for the environment from the River Murray to the Guttrum Forest wetlands.

The allocation of water for the environment consisted entirely of return flows, water that had already come down the Campaspe and Goulburn rivers as part of the Victorian water for the environment program. Across Victoria a large proportion of water for the environment (88% in 2018-19) is reused at multiple sites as it travels downstream, supporting improved environmental outcomes again and again.

As recently as the 1990s, the swamps in Guttrum Forest were home to an abundance of important native plants such as old man weed, and the giant rushes the swamps are named after. The reeds and surrounding trees provided important habitat for birds such as the endangered Australasian bittern and colonial nesting waterbird species.

There are also a number of culturally significant old river red gums on the fringes of the wetlands, and the swamps are surrounded by archaeological evidence including large mounds and middens, indicating the area was once a highly-productive landscape for local Aboriginal communities.

Local Barapa Barapa and Wamba Wamba Traditional Owners remember the wetlands being very different when they were kids. They remember them being a lot wetter and often there was a green carpet of native mudflat plants covering the wetlands' beds.

"The watering of Guttrum Forest has been a long-term goal of the Traditional Owners of the area for many years.

"Guttrum Forest is an ideal place for bird watching, an important breeding site for native wildlife, including water birds, with trails that wind through majestic river red gum and canoe trails to explore the winding waterways.

"The wetlands are of regional significance and have enormous cultural importance to the Wamba Wamba and Barapa Barapa People.

"The watering of the Reed Bed Swamp in Guttrum Forest is good thing for the future of the forest and the region, with a regular water regime the long-term health of the landscape is ensured," said the Barapa Barapa Wamba Wamba Water for Country steering committee.

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The North Central CMA, the VEWH and local Traditional Owners are working on a rehabilitation plan for the swamp complex.

"Traditional Owners will help the CMA monitor the watering and look at the response of the wetland from an ecological perspective, as well as monitor the cultural values of the area, and the VEWH is pleased to be able to help make this happen," said VEWH Commissioner Rueben Berg.

"The Barapa and Wamba communities have been engaged for several years now to talk about reinstating the natural flooding regime and have waited a long time to see the return of water to Reed Bed and Little Reed Bed swamps," he said.

Our Culture

Strategic focus area: Sufficient resources secured to support activities, including effective input to Environmental Contribution Tranche 5 funding bid processes.

Funding scenarios were developed for the Environmental Contribution Tranche 5 funding process. Due to the COVID-19 pandemic, the State budget has been deferred so the outcome of this funding process is not yet known. VEWH will continue to work with DELWP in 2020-21 in finalising this process following the State budget in late 2020.

Strategic focus area: People Strategy reviewed by 30 June 2020 and corporate culture strengthened, with a focus on organisational/staff capability, development and retention, including effective Commissioner induction.

In July 2019, the VEWH inducted two new Commissioners, Peta Maddy and Jennifer Fraser. The VEWH also began the process of revising its People Strategy. VEWH staff participated in the Victorian Public Service 'People Matter' survey and the 'Occupational Culture Inventory' survey. The results of these surveys have provided important feedback on the future focus areas for the VEWH's People Strategy.

The reviewed People Strategy will build on the VEWH's People Strategy 2016, which has the objectives of:

- continuing to foster a motivated and high-performing team
- understanding and help to achieve individual staff members career aspirations, and contribute to broader industry capability
- ensuring the VEWH's capability continues to match the organisation's evolving needs.

In 2019-20, the VEWH focussed on strategies for workload management and adapting to all staff working from home due to COVID-19. The disruption caused by the COVID-19 pandemic delayed the completion of and added a new area of focus for the People Strategy. 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 41). An 18-month strategy will be developed and implemented through 2020-21.

Operational Performance (Implementing the Seasonal Watering Plan)

The *Seasonal Watering Plan 2019-20* identified 278 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 seven percent of potential watering actions identified in the *Seasonal Watering Plan 2019-20* were required in 2019-20 (i.e. 214 out of 278). The remaining 23 percent (i.e. 64 out of the 278) of potential watering actions were not required for the following reasons:

- The watering action was not essential to be delivered in 2019-20 to achieve environmental objectives (i.e. tier 2 watering actions)¹ (affected 34 potential watering actions).
- Pre-requisite climatic conditions, ecological or hydrological triggers did not occur (affected 30 potential watering actions).

The VEWH has 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 scoring system is used to determine whether each individual watering action is fully, partially or not achieved. 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 direct comparisons between the results from 2019-20 and previous years cannot be made at this time (see Figure 1.3 and Table 1.2). It is expected that the new method will be used for all foreseeable future assessments.

Eighty seven percent (i.e. 187 out of 214) of watering actions that were required in 2019-20 either fully or partially achieved their intended hydrological outcomes. Thirteen percent (i.e. 27 out of 214) required potential watering actions in 2019-20 did not achieve their intended hydrological outcomes (see Figure 1.2).

Of the 187 required potential watering actions that were fully or partially achieved in 2019-20, 151 (81 percent) watering actions relied on contribution of managed water for the environment. The remaining 36 (19 percent) of 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.

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

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Figure 1.2 Achievement of watering actions undertaken in 2019-20

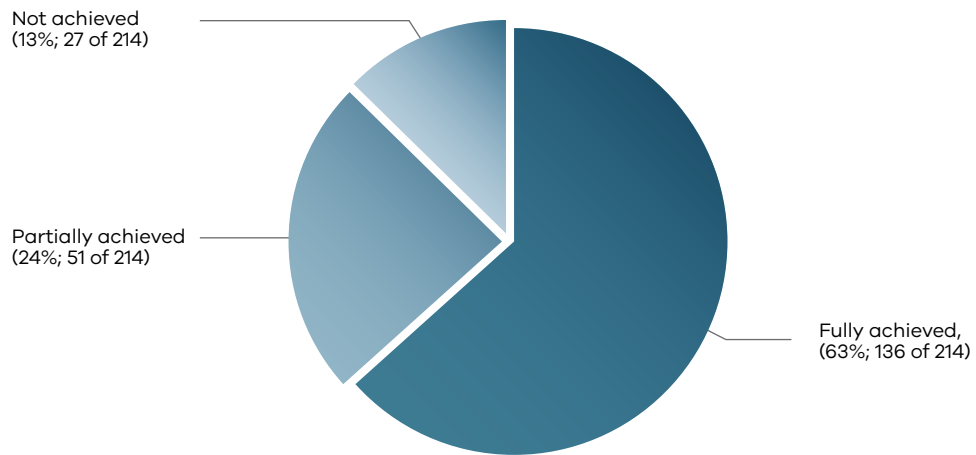
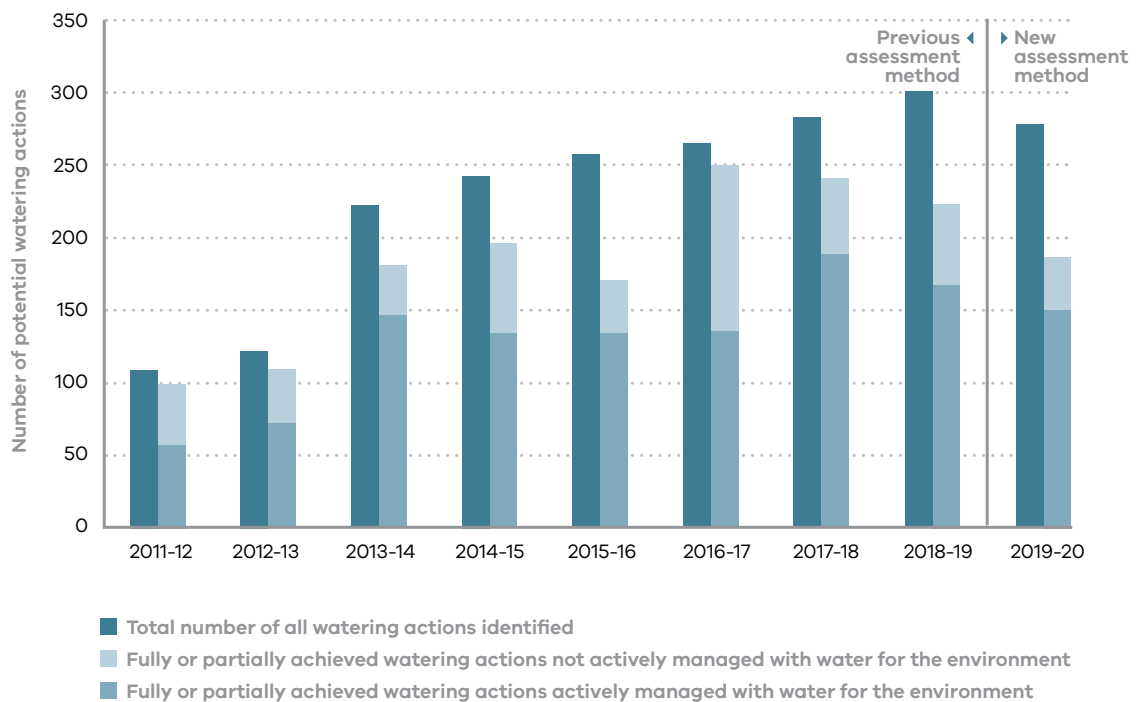


Figure 1.3 Potential watering actions identified and achievement of watering actions that were undertaken since 2011-12



The VEWH coordinated delivery of water for the environment to 92 river reaches¹ (across 41 waterways) and 76 wetlands giving a total of 168 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.

Since 2013-14, the number of sites watered each year has fluctuated due to climatic conditions, water availability and infrastructure improvements. The number of sites watered in 2019-20 was the same as 2018-19.

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

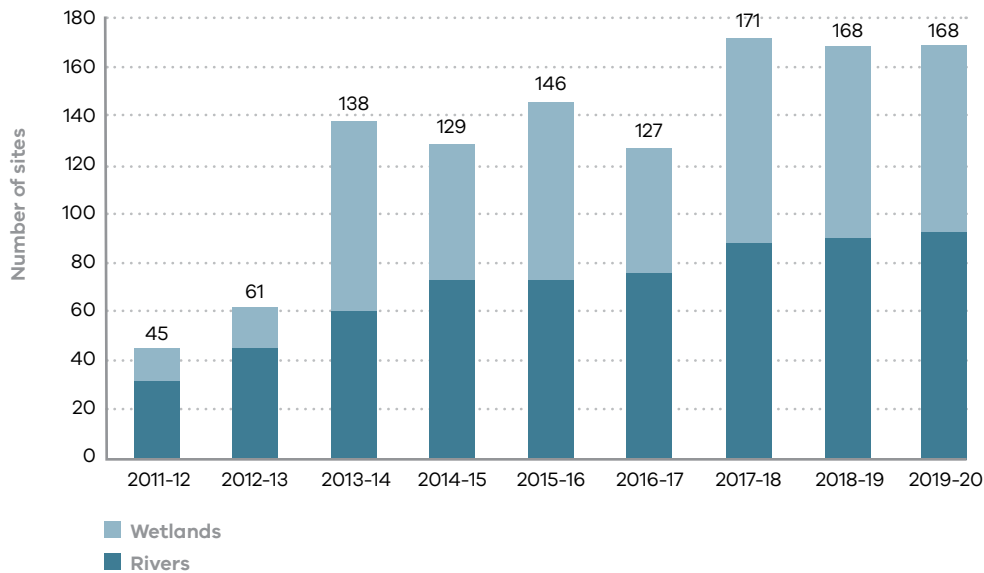


Table 1.2 compares selected water planning and delivery indicators from 2011-12 to 2019-20. Specific targets are not set for these indicators because the number required varies due to seasonal and operational conditions throughout the year.

¹ Environmental flow river reach.

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Table 1.2 Comparison of 2019-20 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		
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		
Total no. of actions required							232		226		255		263		242		214		
Actions fully achieved (number and percent of total)	68	62.4%	81	66%	91	41%	136	58.6% ² (56%)	136	60.2% ² (52.7%)	207	81% ² (79%)	195	74% ² (69%)	188	78% ² (62%)	136	63% ³ (49%)	
Actions partially achieved (number and percent of total)	31	28.4%	30	25%	90	41%	60	25.9% ² (25%)	35	15.5% ² (13.6%)	43	17% ² (16%)	46	17% ² (16%)	35	14% ² (12%)	51	24% ³ (18%)	
Actions not achieved (number and percent of total)	10	9.2%	11	9%	41	18%	36	15.5% ² (19%)	55	24.3% ² (33.7%)	5	2% ² (5%)	22	8% ² (15%)	19	8% ² (26%)	27	13% 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%	
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%	
Other indicators																			
Total number of river reaches and wetlands watered	45		63		145		129		146		127		171		168		168		
Total number of seasonal watering statements	47		60		95		59		64		52		48		54		61		
Total number of watering authorisations	-		-		-		1		3		6		4		6		1		
Total number of seasonal watering plan variations	6		8		8		4		3		3		3		8		6		

1. 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.

2. 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 at this time.

3. 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.

4. 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 61 seasonal watering statements and one watering authorisation for 2019-20. The watering authorisation enabled the VEWH Office to order water made available by the 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 circumstances that were not identified at the start of the water year. The VEWH Commission approved the following six variations to the *Seasonal Watering Plan 2019-20*:

- Section 4.4 Wimmera-Mallee wetlands – to enable deliveries to Barbers Swamp under a dry planning scenario.
- Section 5.2.3 central Murray wetlands – to include Third Reedy Lake in the seasonal watering plan to enable summer deliveries to the wetland.
- Section 5.2.3 central Murray wetlands – to revise the timing of deliveries to Wirra-Lo wetland complex (Duck Creek North, Duck Creek South, Lignum Swamp North and Broilga Swamp) and Wirra-Lo wetland complex (Bittern West and Bittern East wetlands) from spring only to summer/autumn fills and top ups as required.
- Section 5.2.5 lower Murray wetlands – to revise the timing of deliveries to Koorlong Lake to enable a spring fill; to revise the timing of deliveries to Liparoo East and Liparoo West from winter to winter/spring; to revise the timing of deliveries to Neds Corner Central, Neds Corner East and Neds Corner Woolshed from spring/summer to spring only; to remove Margooya Lagoon from the seasonal watering plan.
- Section 5.4.2 Goulburn wetlands – to revise the timing of deliveries to Reedy Swamp from autumn to spring.
- Section 5.7.2 Boort wetlands – to enable year-round top ups in Lake Meran.

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 2020, the VEWH Water Holdings comprised 23 bulk or environmental entitlements and 107 water shares¹. The total long-term average water availability of the Water Holdings is approximately 645,500 ML. Water availability under these entitlements varies and may be greater or less than 645,500 ML in any given year.

In December 2019, 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 201 ML to the Water Holdings across the Goulburn and Murray systems.

Amendments made in 2018-19 to the *Environmental Entitlement (River Murray – NVIRP Stage 1) 2012* and the *Environmental Entitlement (Goulburn System – NVIRP Stage 1) 2012* came into effect in March 2020. These amendments revoked the VEWH's interim rights to annual water recovery savings from the Goulburn-Murray Water Connections Project Stage 1 under those entitlements, in recognition that the finalised water recovery savings were issued to VEWH at the end of 2018-19.

In June 2020, Melbourne Water permanently transferred to VEWH 734.1 ML of high-reliability water shares and 360.8 ML of low-reliability water shares in the Werribee system.

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. The composition of the Water Holdings presented in the Annual Report 2018-19 was incorrect. At 30 June 2019 the VEWH Water Holdings comprised of 23 entitlements and 103 water shares. The source of this error is currently under investigation and once confirmed, process improvements will be implemented to ensure it is not repeated.



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Water availability and use

The VEWH had access to a total of 1,167,015 ML of water for the environment in 2019-20. The volume included:

- allocations to the VEWH in 2019-20
- water carried over from 2018-19
- water made available by the CEWH, the Living Murray program, Melbourne Water and the Taungurung Land and Water Council Aboriginal Corporation (TLWCAC)
- a donation of privately owned allocation
- water purchased in the Moorabool system in 2018-19 and transferred to VEWH in 2019-20.

In total, 890,227 ML of water for the environment was delivered in Victoria in 2019-20. The total includes 596,308 ML of water made available by the CEWH and 38,428 ML by the Living Murray program. The total does not include 117,871 ML of water delivered to the Snowy River by the New South Wales Department of Industry between 1 May 2019 and 30 April 2020.

Table 1.3 compares net water availability and delivery across Victoria for 2011-12 to 2019-20.

Table 1.3 Water availability and delivery by region and for the state from 2011-12 to 2019-20

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
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
Gippsland region ¹	Not reported separately	Not reported separately	48,124	52,219	48,081	53,648	73,186	62,905	80,700
Central region ¹			63,133	56,732	40,182	56,176	50,554	39,245	45,310
Western region	69,211	82,296	60,401	45,347	16,373	53,582	79,126	58,503	49,771
Northern region	575,854	597,789	933,883	840,247	999,130	882,239	1,179,141	911,540	991,234
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
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
Gippsland region ²	Not reported separately	Not reported separately	27,351	28,872	28,797	20,637	45,180	33,325	34,696
Central region			21,780	34,102	12,125	27,841	31,426	21,721	9,773
Western region ^{3,4}	18,345	50,277	30,004	33,720	8,112	13,585	39,664	34,162	23,079 ⁵
Northern region ⁴	427,858	345,904	730,543	549,073	640,498	644,405	802,830	457,421	822,679
Total Victoria⁶	479,212	437,242	809,678	645,767	689,532	706,468	919,100	546,629	890,227

Tables 1.4, 1.5, 1.6 and 1.7 summarise the water availability and use under the VEWH entitlements in 2019-20 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 VEWH⁷.

Further commentary on changes to the 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 water delivered to the Snowy River from Lake Jindabyne in New South Wales.
3. 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.
4. 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.
5. Excludes 1,562 ML of Commonwealth environmental water delivered in the Wimmera by the CEWH under a supply agreement between CEWH and GWMWater.
6. Total volumes may differ to regional volumes due to rounding.
7. Passing flows under the following entitlements are not reported in water account summaries: *Tarago and Bunyip Rivers Environmental Entitlement 2009*, *Yarra River Environmental Entitlement 2006*, *Moorabool River Environmental Entitlement 2010*, *Silver and Wallaby Creeks Environmental Entitlement 2006*.

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Return flows

In some systems, 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 2019-20, 82 percent of those flows were recredited to 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 647,048 ML. This included:

- 369,064 ML from the Goulburn River that was delivered at Goulburn Weir
- 220,008 ML from Murray River upstream of Barmah Choke
- 31,709 ML from the lower Broken Creek
- 19,778 ML from the Campaspe River
- 4,983 ML from the Loddon River
- 1,506 ML from Gunbower Forest.

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

- 12,702 ML was used at Lake Kramen (Hattah Lakes)
- 7,595 ML was used in Gunbower Creek
- 4,377 ML was used at sites within Gunbower Forest
- 2,804 ML was used in the central Murray wetlands
- the remaining volume of return flows continued to flow down the River Murray to South Australia (see administrative transfers on page 37).

Other volumes of return flows recredited to VEWH included:

- 20,284 ML delivered in Goulburn River between Lake Eildon and Goulburn Weir was recredited to VEWH in Waranga Basin, however 8,594 ML of the recredit was subsequently deducted because of a system spill at Waranga Basin. The remaining 11,690 of recredited water was available for delivery to the Goulburn River downstream of Goulburn Weir
- 178 ML delivered from Lake Merrimu in the Werribee system was recredited to VEWH in Melton Reservoir. 165 ML of the available return flow was delivered to the Werribee River downstream of Melton Reservoir and the remaining 13 ML was lost due to a small spill from Melton Reservoir.

Carryover

At the end of 2019-20, 266,376 ML of water for the environment remained available to the VEWH. This represents 23 percent of the VEWH's net water availability last year. The total carryover is comprised of the following Water Holdings:

- 10,000 ML drought reserve available under the Victorian share of the Barmah-Millewa Environmental Water Allocation in the Murray system
- 7,862 ML of River Murray Increased Flows Allocation and 55,195 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

- 193,319 ML that was carried over and is available for use in 2020-21 or future years, subject to entitlement conditions (for example, potential loss to storage spills).

282,750 ML of the Barmah-Millewa Environmental Water Allocation 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 2019-20 and was therefore not available to VEWH at the end of the water year.

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. 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 VEWH 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 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 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 2019-20 including:

- water transferred from the Goulburn to meet environmental watering demands in the Loddon system
- transfers of allocation from accounts that were closed due to entitlement amendments made in 2018-19 to the *Environmental Entitlement (River Murray – NVIRP Stage 1) 2012* and the *Environmental Entitlement (Goulburn System – NVIRP Stage 1) 2012*
- transfers of VEWH and the Living Murray allocation to minimise the risk of carryover spill.



Administrative transfers with other environmental water holders

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

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

Water transfers between environmental water holders occur to:

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

In 2019-20, the following transfers with other environmental water holders occurred:

- a net volume of 588,626 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
- 6,000 ML of the Living Murray program allocation held in trust by VEWH was transferred to a Living Murray program account held in New South Wales for delivery in Koondrook-Perricoota Forest, New South Wales
- 619,507 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, 506,730 ML was Commonwealth environmental water, 21,313 ML the Living Murray program water and 91,464 ML VEWH water
- a net volume of 4,000 ML of River Murray Increased Flows water was directly traded to South Australia for use in the South Australian Murray system.

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 which becomes available for delivery of environmental flows to the Snowy River. Trade is the mechanism used to account for this substitution.

In 2019-20, the VEWH transferred 53,766 ML to the Snowy inter-valley transfer account. The subtotals transferred from each system were as follows:

- Murray system – 24,901 ML
- Goulburn system – 28,519 ML
- Loddon system – 346 ML.

The volumes were equivalent to allocations made to the VEWH's environmental entitlements and water shares for the Snowy system from 1 February 2019 to 15 January 2020.

Other types of administrative transfers

The Taungurung Land and Water Council Aboriginal Corporation (TLWCAC) transferred 39 ML of water allocation to VEWH for delivery in the Ovens system (King River) for environmental and Aboriginal outcomes.

Melbourne Water transferred 1,095 ML of water allocation to VEWH for delivery of environmental flows in the Werribee system. The transfer of allocation was from water allocated to water shares held by Melbourne Water during 2019-20. In June 2020, the water shares were permanently transferred to VEWH.

In 2019-20, 15 ML of privately-owned water in the Murray system was donated to the VEWH.

Commercial allocation trade

The VEWH did not sell any water allocation during 2019-20.

In the central region during 2018-19, the VEWH purchased 1,000 ML of allocation from Barwon Water to provide additional water for delivery of environmental flows the Moorabool River in 2019-20. The allocation was transferred to the VEWH in 2019-20 following approval of the trade by the Minister for Water.



Table 1.4 VEWH water account summary in the Gippsland region in 2019-20

VEWH Water Holdings 2019-20 – Gippsland region												
River system	Entitlement	Reliability	Entitlement volume at 1 July 2019 (ML)	Carryover from 2018-19 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Net Share of inflows (ML)	Adjustments ¹ (ML)	Net Trade (ML)	Total available water (ML)	Use (ML)	Closing balance (ML)
				A	B	C	D	E	F	G = A+B+C+D+E+F	H	I = G + H
Latrobe	Latrobe River Environmental Entitlement 2013	Share of inflows	9.45% inflows	9,259.9	n/a	0.0	5,387.3	6,800.0	0.0	21,447.2	-2,701.7	18,745.5
Thomson	Thomson River Bulk Entitlement	High + share of inflows	10,000.0 ML + 3.9% inflows	13,030.0	0.0	10,000.0	9,503.0	n/a	0.0	32,533.0	-12,922.0	19,611.0
		Passing flows ³	n/a	0.0	0.0	739.0	n/a	n/a	n/a	739.0	-739.0	0.0
Macalister	Macalister River Environmental Entitlement 2010	High	12,460.9	5,109.7	0.0	12,460.9	n/a	n/a	0.0	17,570.6	-16,152.7	1,417.9
		Low	6,229.5	2,180.3	0.0	6,229.5	n/a	n/a	0.0	8,409.8	-2,180.3	6,229.5
Gippsland region total				29,579.9	0.0	29,429.4	14,890.3	6,800.0	0.0	80,699.6	-34,695.7	46,003.9

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

2. Allocation in the Thomson system is the first 10,000 ML of inflow into the Thomson Reservoir.

3. Under entitlement rules, passing flows may be reduced and withheld passing flow volumes released later. These rules allow flexibility which can help increase environmental outcomes without impacting other water users.

Table 1.5 VEWH water account summary in the Central region systems in 2019-20

VEWH Water Holdings 2019-20 – Central region														
River system	Entitlement	Reliability	Entitlement volume (ML) or percentage of inflows at 1 July 2019	Carryover from 2018-19 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Net share of inflows (ML)	Adjustments ¹ (ML)	Net trade (ML)	Return flows (ML)	Total water available (ML)	Use (ML)	Evaporation deduction (ML)	Closing balance (ML)
				A	B	C	D	F	G	H	I = A+B+C+D +E+F+G+H		J	K = I+J
Tarago	Tarago and Bunyip Rivers Environmental Entitlement 2009	Share of inflows	10.3% inflows	1,524.0	0.0	n/a	2,282.0	n/a	0.0	n/a	3,806.0	-40.0	n/a	3,766.0
Yarra	Yarra River Environmental Entitlement 2006	High	17,000.0	13,137.0	0.0	17,000 ²	n/a	n/a	0.0	n/a	30,137.0	-4,000.0	n/a	26,137.0
Werribee	Werribee River Environmental Entitlement 2011	Share of inflows	10% inflows	791.2	0.0	n/a	441.9	-226.3	0.0	178.4	1,185.2	-343.6	n/a	841.6
	VEWH water shares	High Low	734.1 360.8	n/a n/a	n/a n/a	0.0 0.0	n/a n/a	n/a n/a	1094.9 0.0	n/a n/a	1,094.9 0.0	-830.0 0.0	-39.7 0.0	225.2 0.0
Moorabool	Moorabool River Environmental Entitlement 2010	Share of inflows	119% inflows	1,785.8	0.0	0.0	4,857.2	0.0	1,000.0	n/a	7,643.0	-3,652.0	n/a	3,991.0
Barwon	Upper Barwon River Environmental Entitlement 2018	Share of inflows	3.8% inflows	732.4	0.0	n/a	711.8	n/a	0.0	n/a	1,444.2	-907.6	n/a	536.6
Central region total				17,970.4	0.0	17,000.0	8,292.9	-226.3	2,094.9	178.4	45,310.3	-9,773.2	-39.7	35,497.4

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

2. Allocation in the Yarra system is the first 17,000 ML of inflow to the Yarra headworks system.

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Table 1.6 VEWH water account summary in the Western region in 2019-20

VEWH Water Holdings 2019-20 – Western region											
System	Entitlement	Reliability	Entitlement at 1 July 2019	Carry over from 2018-19 (ML)	Allocation (ML)	Net spills (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	28,515.5	17,035.2	0.0	0.0	45,550.7	-20,330.9	-3,783.0	21,436.8
		Wimmera-Mallee wetlands high reliability ¹	1,000.0	800.9	0.0	0.0	0.0	800.9	-82.0	-107.8	611.1
Wimmera-Mallee wetlands	Water use registration ²	Passing flows	n/a	0.0	3,413.6	0.0	n/a	3,413.6	-2,659.6	0.00	754.0
		n/a	n/a	0.0	0.0	0.0	6.3	6.3	-6.3	0.00	0.0
Western region total			41,560.0	29,316.4	20,448.8	0.0	6.3	49,771.5	-23,078.8	-3,890.8	22,801.9

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

2. This water was delivered to Wimmera-Mallee wetlands (Cokum Bushland Reserve and Considines) under a provisional water allowance held by the VEWH and supplied via trade from the VEWH's Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999.

Table 1.7 VEWH water account summary in the northern region in 2019-20

VEWH Water Holdings 2019-20 – Northern region

Entitlement	Reliability	Entitlement at 1 July 2019	Carryover from 2018-19 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Allocation lost to spill (ML)	Special rule borrow (ML)	Return flow recredit (ML)	Net transfer CEW (ML) ¹	Net transfer TLM (ML) ¹	Net transfer VEW (ML) ¹	Donations (ML) ¹	Net commercial trade (ML) ¹	Total available water (ML)	Water use (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 = L+M+N
Murray system																	
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999	High	45,266.5	9,226.3	0.0	29,875.9	0.0	0.0	619,384.7	172,691.0	0.0	-735,230.0	15.0	0.0	95,962.9	-59,954.0	-1,800.4	34,208.5
	Low	8,522.8	3,628.8	0.0	0.0	0.0	0.0	0.0	79,648.4	0.0	163,561.9	0.0	0.0	246,839.1	-238,316.3	-426.2	8,096.6
	Unregulated	49,000.0	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	0.0
River Murray Increased Flows under the Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 ²	Trigger based	n/a	58,015.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4,000.0	0.0	0.0	54,015.6	-45,740.1	-413.8	7,861.7
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - Barmah-Millewa Water for the environment Allocation	High	50,000.0	259,750.0	0.0	33,000.0	0.0	-282,750.0	0.0	0.0	0.0	0.0	0.0	0.0				
	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	10,000.0	0.0	0.0	10,000.0
Environmental Entitlement (River Murray - NVIRP Stage 1) 2012 ³	N/A	28,374.0	21,071.1	0.0	16,269.0	0.0	0.0	0.0	0.0	0.0	-29,008.5	0.0	0.0	8,331.6	-7,179.3	-57.6	1,094.7
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - Living Murray program	High	9,589.0	7,531.2	0.0	6,328.7	0.0	0.0	0.0	0.0	-800.0	0.0	0.0	0.0	13,059.9	-5,888.5	-179.1	6,992.3
	Low	101,849.9	0.0	0.0	0.0	0.0	0.0	28,966.8	0.0	-21,312.6	0.0	0.0	0.0	7,654.2	-7,654.2	0.0	0.0
	Unreg	34,300.0	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
Bulk Entitlement (River Murray - Snowy Environmental Reserve) Conversion Order 2004	High	29,794.0	0.0	0.0	19,664.0	0.0	0.0	0.0	0.0	0.0	-16,684.6	0.0	0.0	2,979.4	0.0	0.0	2,979.4

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Table 1.7 VEWH water account summary in the northern region in 2019-20

VEWH Water Holdings 2019-20 – Northern region																	
Entitlement	Reliability	Entitlement at 1 July 2019	Carryover from 2018-19 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Allocation lost to spill (ML)	Special rule borrow (ML)	Return flow recredit (ML)	Net transfer CEW (ML)	Net transfer TLM (ML)	Net transfer VEW (ML)	Donations (ML)	Net commercial trade (ML)	Total available water (ML)	Water use (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 = L+M+N
Water shares - Snowy River Environmental Reserve	High	14,670.9	0.1	0.0	9,682.8	0.0	0.0	0.0	0.0	0.0	-5,739.6	0.0	0.0	3,943.3	0.0	-197.2	3,746.1
	Low	6,423.4	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
Water shares - Living Murray program	High	12,266.9	7,030.0	0.0	8,096.2	0.0	0.0	0.0	0.0	-3,200.0	0.0	0.0	0.0	11,926.2	0.0	-596.3	11,329.9
Ovens system																	
Ovens system water use registration		0.0	0.0	0.0	0.0	0.0	0.0	0.0	73.0	0.0	0.0	0.0	0.0	73.0	-73.0	0.0	0.0
King system water use registration	n/a	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.0	0.0	0.0	39.0	0.0	89.0	-89.0	0.0	0.0
Goulburn system																	
Environmental Entitlement (Goulburn System - NVIRP Stage 1) 2012 ^a	n/a	37,179.3	28,572.3	0.0	22,103.0	0.0	0.0	0.0	0.0	0.0	-28,901.6	0.0	0.0	21,773.7	-20,375.6	-69.9	1,328.2
	High	8,851.0	599.4	0.0	21,243.8	-8,593.6	0.0	8,593.6	0.0	0.0	35,502.2	0.0	0.0	57,345.4	-37,590.1	-987.8	18,767.5
Goulburn River Environmental Entitlement 2010	Low	3,140.0	2,983.0	0.0	0.0	0.0	0.0	11,690.5	331,280.4	0.0	-1,488.1	0.0	0.0	344,465.8	-338,674.0	-289.6	5,502.2
	High	39,625.0	13,336.3	0.0	31,700.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45,036.3	-24,885.4	-241.0	19,909.9
Environmental Entitlement (Goulburn System - Living Murray) 2007	Low	156,980.0	14,990.7	0.0	0.0	0.0	0.0	0.0	0.0	-2,000.0	0.0	0.0	0.0	12,990.7	0.0	-649.5	12,341.2
	High	30,252.0	1,815.1	0.0	24,201.6	0.0	0.0	0.0	0.0	0.0	-22,386.5	0.0	0.0	3,630.2	0.0	0.0	3,630.2
Bulk Entitlement (Snowy - Environment) Order 2005	Low	8,156.0	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
	High	8,320.9	474.4	0.0	6,656.7	0.0	0.0	0.0	0.0	0.0	-6,132.5	0.0	0.0	998.6	0.0	-49.9	948.7
Water shares - Snowy River Environmental Reserve	Low	17,852.0	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
	High	5,559.0	312.0	0.0	4,447.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,759.2	0.0	-238.0	4,521.2

Table 1.7 VEWH water account summary in the northern region in 2019-20

VEWH Water Holdings 2019-20 – Northern region																	
Entitlement	Reliability	Entitlement at 1 July 2019	Carryover from 2018-19 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Allocation lost to spill (ML)	Special rule borrow (ML)	Return flow credit (ML)	Net transfer CEW (ML) ¹	Net transfer TLM (ML) ¹	Net transfer VEWH (ML) ¹	Donations (ML) ¹	Net commercial trade (ML) ¹	Total available water (ML)	Water use (ML)	Evaporation deduction (ML)	Closing balance (ML)
Broken system																	
Broken system water use registration	High	90.0	n/a	0.0	1.8	0.0	0.0	0.0	112.4	0.0	500.0	0.0	0.0	614.2	-597.3	-0.8	16.1
	Low	18.9	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
Campaspe River Environmental Entitlement 2013	High	20,652.0	9,607.3	0.0	16,852.8	0.0	0.0	0.0	3,643.6	0.0	-4,665.0	0.0	0.0	25,438.7	-20,438.3	-250.0	4,750.4
	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
Environmental Entitlement (Campaspe River - Living Murray Initiative) 2005	High	126.0	0.0	0.0	100.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.8	0.0	0.0	100.8
	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
Campaspe River withheld passing flow account ¹	Passing flows	n/a	493.5	0.0	10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	504.3	0.0	0.0	504.3
Coliban withheld passing flow account ¹	Passing flows	n/a	620.2	0.0	916.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,536.3	-363.5	-31.0	1,141.8
Loddon system																	
Bulk Entitlement (Loddon River - Environmental Reserve) Order 2005	High	2,000.0	1,999.4	0.0	1,600.0	0.0	0.0	0.0	0.0	0.0	-1,589.2	0.0	0.0	2,010.2	-10.2	-0.6	1,999.4
	High	1,480.0	703.0	0.0	777.0	0.0	0.0	0.0	0.0	0.0	641.7	0.0	0.0	2,121.7	-2,121.6	0.0	0.1
	Trigger based	7,490.0	0.0	0.0	7,490.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,490.0	-7,341.9	0.0	148.1
	Low	2,024.0	0.0	0.0	0.0	0.0	0.0	0.0	1,126.7	0.0	0.0	0.0	0.0	1,126.7	-1,126.7	0.0	0.0
	Passing flows	n/a	3,144.9		287.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,432.2	-3,432.2	0.0	0.0
Loddon River freshening flows account	High	828.0	0.0	0.0	828.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	828.0	-828.0	0.0	0.0

SECTION ONE



VEWH Water Holdings 2019-20 – Northern region																	
Entitlement	Reliability	Entitlement at 1 July 2019	Carryover from 2018-19 (ML)	Carryover lost to spill (ML)	Allocation (ML)	Allocation lost to spill (ML)	Special rule borrow (ML)	Return flow recredit (ML)	Net transfer CEW (ML) ¹	Net transfer TLM (ML) ¹	Net transfer VEW (ML) ¹	Donations (ML)	Net commercial trade (ML) ¹	Total available water (ML)	Water use (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 = L+M+N
Loddon River deficit and reimbursement account	n/a	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
Water shares - Snowy River Environmental Reserve	High	470.0	26.8	0.0	376.0	0.0	0.0	0.0	0.0	0.0	-346.4	0.0	0.0	56.4	0.0	-2.8	53.6
Environmental Entitlement (Birch Creek – Bullarook System) 2009	Trigger based	100.0	100.0	-100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0	100.0
Northern region total		774,265.5	446,031.4	-100.0	262,609.5	-8,593.6	-282,750.0	668,635.6	588,625.5	-27,312.6	-655,966.2	54.0	0.0	991,233.8	-822,679.2	6,481.5	162,072.9

1. A positive transfer or trade value indicates there has been a net transfer or trade of allocation into the entitlement; a negative value indicates a net transfer or trade of allocation out of the entitlement.
2. Available water is River Murray Increased Flows that have been transferred from the Snowy to the Murray and are available for use.
3. Total entitlement volume includes water savings and mitigation water from the Goulburn-Murray Connections project Stage One in 2018-19 based on an annual audit of long-term water savings achieved through the project. From 2019-20 onward, the water savings have been converted to high and low reliability water shares and included in two existing entitlements – The Bulk Entitlement (River Murray Flora and Fauna) Conversion Order and the Goulburn River Environmental Entitlement 2010. The mitigation water remains in this entitlement in 2020-21 and continues to receive allocation based on the annual audit of the Connections project.
4. 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.

1.5 Five year financial summary

Table 1.8 below provides a financial summary for the VEWH operations in 2019-20.

Table 1.8 Financial summary

	2019-20 \$	2018-19 \$	2017-18 \$	2016-17 \$	2015-16 \$
Government contributions / grants ¹	10,197,454	8,329,997	8,427,391	10,776,507	11,032,066
Sale of water allocation ²	0	4,861,725	1,924,535	1,000,319	74,831
Interest	98,460	110,100	106,110	109,199	193,972
Other income ³	0	0	0	0	59,010
Total revenue	10,295,914	13,301,822	10,458,036	11,886,025	11,359,879
Environmental water holdings and transaction expenses	(7,172,254)	(6,541,731)	(6,535,185)	(5,134,180)	(5,403,501)
Grants	(514,723)	(2,729,804)	(1,917,576)	(2,104,435)	(3,293,025)
Employee benefits	(2,580,205)	(2,166,564)	(1,841,708)	(1,632,990)	(1,554,971)
Supplies and services	(869,949)	(1,161,710)	(1,147,304)	(1,001,390)	(947,599)
Total expenditure	(11,137,131)	(12,599,809)	(11,441,773)	(9,872,995)	(11,199,096)
Total assets⁴	10,373,730	12,114,915	10,257,206	11,216,171	8,911,507
Total liabilities	1,042,833	1,925,693	766,140	733,919	457,832

1.6 Current year financial review

The VEWH's year-end position was an overall deficit of \$0.86 million, reflecting planned draw down on funds carried forward to offset a reduction in the Environmental Contribution funding commitment for 2019-20 by \$0.95 million. A further draw down on carried forward funds held in trust was budgeted in 2019-20, however, this was not required due to deferred or reduced activity resulting from the COVID-19 pandemic.

Considering the variable nature of seasonal conditions and subsequent variable water delivery costs and 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. The VEWH has also retained funds from 2019-20 for contracted multi-year and deferred projects, such as the Koondrook Fishway.

The budgeted transfer for the first payment of \$2.4 million for the Koondrook Fishway project to boost native fish populations in northern Victoria was deferred. Full payment of \$4.8m is expected in 2020-21 and is funded by revenue received in 2018-19 from the sale of water allocation.

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

2. The sale of water allocation is a variable and unreliable revenue source as it is dependent on the seasonal conditions and availability at a point in time. No sale of water allocation occurred in 2019-20.

3. Prior to 2015-16, the VEWH received services free of charge from DELWP, these were \$59,010 in 2015-16. This arrangement ceased in 2016-17.

4. 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

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. The Water Holdings did not satisfy the accounting requirements for recognition on the balance sheet. The full Water Holdings utilised by the VEWH in the delivery of its objectives are listed in section 1.4.

In 2019-20, the VEWH received water shares in the Werribee system that were transferred from Melbourne Water. After review of the transfer under the current accounting framework, the water shares have not been recognised on the balance sheet, consistent with existing water entitlements held by the VEWH. By taking on ownership of the water shares the VEWH has the ongoing obligation to pay for annual water storage fees; the first payment was made in 2019-20.

Liabilities have decreased between 2018-19 and 2019-20 due to much shorter payment terms as part of the Government's economic response to the COVID-19 pandemic.

1.7 Capital Projects

The VEWH does not manage any capital projects.

1.8 Subsequent events

Subsequent to the end of the financial year COVID-19 has continued to have a significant impact on the economic environment, in which the VEWH is operating in. The Victorian Government declared a State of Disaster on 2 August 2020 and restrictions were applied 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 2019-20.

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 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 2020



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 2019-20 were:

- Christopher Chesterfield** (*Chairperson*)
 Chris has over 30 years 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 Director, Strategic Engagement at the Cooperative Research Centre for Water Sensitive Cities 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 Heritage Council of Victoria and a Director at Westernport Water. In addition, Rueben is a founder of Indigenous Architecture and Design Victoria, and a member of the Melbourne Sustainable Society Institute Advisory Board. He is also a founder and director of the Indigenous Ultimate Association and the Chair of the Ultimate Rules Subcommittee 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 2019-20 has included seven ordinary meetings, a field trip to the Mallee region, a strategy meeting and participation in out-of-session decisions on 15 additional occasions throughout the year.

Table 2.1 VEWH Commission membership and meeting attendance 2019-20

Name	Term	Attended	Eligible to attend
Christopher Chesterfield	1 July 2019 to 30 June 2020	7	7
Peta Maddy	1 July 2019 to 30 June 2020	7	7
Rueben Berg	1 July 2019 to 30 June 2020	7	7
Jennifer Fraser	1 July 2019 to 30 June 2020	7	7

SECTION TWO

2.3 Risk and Audit Committee membership and roles

In 2019-20, Risk and Audit Committee (RAC) members were:

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

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 2019-20 the committee met five times.

Table 2.2 Risk & Audit Committee membership and meeting attendance 2019-20

Name	Term	Attended	Eligible to attend
Vince Philpott, Chairperson	1 July 2019 to 30 June 2020	5	5
Beverley Excell	1 July 2019 to 30 June 2020	5	5
Peta Maddy	1 July 2019 to 30 June 2020	5	5
Jennifer Fraser	1 July 2019 to 30 June 2020	5	5

2.4 Occupational Health and Safety

The VEWH is committed to ensuring that all employees, contractors and visitors are provided with the use of facilities, equipment, education and training to minimise and prevent workplace injury and illness. All VEWH staff attended a Mental Health and Wellbeing training program during the year. Occupational Health and Safety is a standing item in staff meetings.

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 well-being 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 2019-20*.

DELWP and the VEWH have provided support to staff throughout the COVID-19 pandemic and the change to working conditions this has presented. Some initiatives to assist staff during these difficult times have been flexible working from home arrangements, ergonomic assessments, adapting meeting times to better suit home schooling parents, access to special paid leave, promotion of constructive and supportive behaviours and access to wellbeing seminars.

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 well-being and strives for a constructive workplace culture. In 2019-20, VEWH staff participated in the Victorian Public Service People Matter survey and undertook an Organisational Cultural Inventory survey. Results from these surveys have been used to inform the key focus areas for a revised People Strategy (see page 17).

Diversity and inclusion

The VEWH recognises DELWP's *Diversity and Inclusion strategy*, which commits to building a diverse and inclusive organisation as part of fulfilling a mandate to support liveable, inclusive and sustainable communities and thriving natural environments. The VEWH is focused on building an inclusive workplace where the full potential of Commissioners and staff is utilised, diversity is valued, and diversity of thought is the catalyst for innovation and service delivery.

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 home schooling have been essential in supporting staff through COVID-19.

Also see Table 3.1 Workforce data on page 43.

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 2020, the VEWH employed 21 staff (17.8 Full Time Equivalent) compared with 16 staff (13.9 FTE) on 30 June 2019. There were four vacant full-time positions at 30 June 2019, which were filled by 30 June 2020.

The proportion of women was 66 percent in 2020 compared with 69 percent on 30 June 2019.

Employees have been correctly classified in workforce data collections.

SECTION THREE

Table 3.1 Workforce data¹

Classification	2019-2020		2018-2019	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive Officers	2	1.2	2	1.2
Project Officers	19	16.6	14	12.7
Total	21	17.8	16	13.9
Men	7	6	5	5
Women	14	11.8	11	8.9
Total	21	17.8	16	13.9

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 (VIPPP) 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 2019-20, the VEWH did not enter into any contracts to which the Local Jobs First – VIPPP and MPSG applies.

4.2 Government advertising and expenditure

In 2019-20, the VEWH had no government campaign expenditure.

4.3 Consultancy expenditure

The VEWH maintains a register of contracts, including consultancies.

Consultancies over \$10,000

In 2019-20, there were seven consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019-20 in relation to these consultancies was \$140,820 (excl. GST) and is detailed in Table 4.1.

Table 4.1 Consultancies over \$10,000

Consultant	Purpose of the consultancy	Start Date	End Date	Total Project Fees Approved (Excl GST) \$	Total Expenditure in 2019-20 (Excl GST) \$	Future Expenditure (Excl GST) \$
Truui	Environmental watering outcomes reporting	8/05/2020	30/06/2021	75,000	22,500	52,500
CSIRO	Landscape scale prioritisation project (Stage 2 Northern region trial) - documenting habitat and watering requirements of waterbirds	25/03/2020	30/10/2020	54,857	14,334	40,523
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	26/02/2020	31/08/2020	30,800	28,238	2,562
DG Consulting	Facilitation and preparation of reports for 2020 operational risk management workshops	17/02/2020	4/05/2020	26,533	26,533	nil
Jacobs Group	Facilitation of 2019 drought refuge forum	25/07/2019	27/03/2020	21,850	21,850	nil
La Trobe University	Refuge habitat forum - synthesis report	25/07/2019	17/09/2019	14,965	14,965	nil
CulturAlchemy	Preparation and delivery of facilitation of Executive strategy retreat	13/01/2020	4/06/2020	12,400	12,400	nil

SECTION FOUR

Consultancies under \$10,000

In 2019-20, there were four consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019-20 in relation to these consultancies were \$16,731 (excl. GST).

4.4 Information and Communication Technology expenditure

For the 2019-20 reporting period, the VEWH had a total Information and Communications Technology (ICT) expenditure of \$111,885 with the details shown in Table 4.2.

Table 4.2 ICT expenditure

All operational ICT expenditure - Business as usual (BAU)	ICT expenditure relating to projects to create or enhance ICT capabilities - Non-business as usual	
	Operational expenditure	Capital expenditure
\$111,885	\$0	\$0

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

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

4.5 Major contracts

The VEWH did not enter into any contracts greater than \$10 million in value during 2019-20.

4.6 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 & Privacy 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 \$29.60 applies.

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

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

4.7 Building Act 1993

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

4.8 Competitive Neutrality Policy

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

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

4.9 Public Interest Disclosures Act 2012

Compliance with the *Public Interest Disclosures Act 2012*

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

What is a 'Public Interest Disclosure'?

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

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

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

How do I make a 'Public Interest Disclosure'?

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

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

The VEWH applies DELWP's established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about the VEWH, its board members, 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 Vic 8002
Telephone: 1800 903 877
email: protected.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.



SECTION FOUR

4.10 Compliance with the enabling legislation

Water Act

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

Public Administration Act

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

4.11 Office-based environmental impacts

The VEWH office integrates environmental sustainability into its decision-making and operates within DELWP's Environmental Management System (EMS). The EMS reduces impact on the environment from office-based activities related to water, energy and paper consumption, waste production, transport and purchasing.

The VEWH prefers to purchase paper stock with a recycled content of 80 percent and encourages practices to reduce paper consumption, such as default duplex printing and use of mobile 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 2019-20*.

4.12 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).

4.13 Financial management compliance attestation

Victorian Environmental Water Holder Financial Management Compliance Attestation Statement

I, Christopher Chesterfield, on behalf of the Commission of the Victorian Environmental Water Holder, certify that the Victorian Environmental Water Holder has 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

9 November 2020

Financial statements

- 30 June 2020

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SECTION FIVE

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

The attached financial statements for the Victorian Environmental Water Holder (VEWH) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and financial position of the VEWH at 30 June 2020.

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 9 November 2020.

Christopher Chesterfield
Chairperson



Dr Sarina Loo
Co-Chief
Executive Officer



Beth Ashworth
Co-Chief
Executive Officer



Rowan Jennion
Chief Finance Officer



Comprehensive operating statement for the financial year ended 30 June 2020

	Notes	2020 \$	2019 \$
Income from transactions			
Government grants	2.1	10,197,454	8,329,997
Sale of water allocation	2.1	0	4,861,725
Interest	2.1	98,460	110,100
Total income from transactions		10,295,914	13,301,822
Expenses from transactions			
Environmental water holdings and transaction expenses	3.3	(7,172,254)	(6,541,731)
Grants	3.2	(514,723)	(2,729,804)
Employee expenses	3.1	(2,580,205)	(2,166,564)
Supplies and services	3.4	(869,949)	(1,161,710)
Total expenses from transactions		(11,137,131)	(12,599,809)
Net result from transactions (net operating balance)		(841,217)	702,013
Other economic flows included in net result			
Gain / (loss) from revaluation of long service liability due to change in bond rates	3.1.1(b)	(17,108)	(3,857)
Comprehensive result		(858,325)	698,156

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

SECTION FIVE

Balance sheet as at 30 June 2020

	Notes	2020 \$	2019 \$
Assets			
Financial assets			
Cash and deposits	5.1	9,315,435	11,177,387
Receivables	4.1	1,012,412	898,229
Total financial assets		10,327,847	12,075,616
Non-financial assets			
Prepayments	4.2	45,883	39,299
Total non-financial assets		45,883	39,299
Total assets		10,373,730	12,114,915
Liabilities			
Payables	4.4	352,564	1,360,146
Employee related provisions	3.1.1	690,269	565,547
Total liabilities		1,042,833	1,925,693
Net assets		9,330,897	10,189,222
Equity			
Accumulated surplus		9,330,897	10,189,222
Net worth		9,330,897	10,189,222
Commitments for expenditure	5.2		
Contingent assets and contingent liabilities	6.3		

The balance sheet should be read in conjunction with the notes to the financial statements.

Cash flow statement for the financial year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts			
Receipts from government		10,037,048	8,232,448
Receipts from other entities		0	4,861,725
Interest received		98,460	110,100
Net GST received/(paid) to the ATO		34,498	21,623
Total receipts		10,170,006	13,225,896
Payments			
Payments of grant expenses		(514,723)	(2,732,230)
Payments to suppliers and employees		(11,517,236)	(8,712,567)
Total payments		(12,031,959)	(11,444,797)
Net cash flows from/(used in) operating activities	5.1	(1,861,953)	1,781,099
Net increase/(decrease) in cash and cash equivalents		(1,861,953)	1,781,099
Cash and cash equivalents at the beginning of the financial year		11,177,388	9,396,288
Cash and cash equivalents at the end of the financial year	5.1	9,315,435	11,177,387

The cash flow 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 2020

	Accumulated surplus \$	Total \$
Balance at 1 July 2018	9,491,066	9,491,066
Comprehensive result	698,156	698,156
Balance as at 30 June 2019	10,189,222	10,189,222
Comprehensive result	(858,325)	(858,325)
Balance as at 30 June 2020	9,330,897	9,330,897

The statement of changes in equity should be read in conjunction with the 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
Melbourne 3000

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. If the reclassification materially affects an item on the balance sheet, a third balance sheet is also presented.

1.2 Compliance

These general purpose financial statements have been prepared on a going concern basis and 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).

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied. 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.

The VEWH applied new accounting standards AASB 15 *Revenue from Contract with Customers* and AASB 1058 *Income of Not-for-Profit Entities*. Refer to note 2.1 for the impact assessment and change in accounting policies. The new accounting standards AASB 16 *Leases* and AASB 1059 *Service Concession Arrangements: Grantor* were assessed as having no impact on the VEWH's financial report.

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

The coronavirus (COVID-19) outbreak was first reported near the end of 2019 and grew into a worldwide pandemic. COVID-19 has had a significant impact on the economic environment, in which the VEWH is operating in. The VEWH is predominately funded by government grants and a large proportion of the VEWH's external suppliers for the delivery of services are government entities that provide essential services. The 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. Some expenditure was reduced compared to the budget and deferred due to restrictions on movement by staff and external stakeholders and working from home conditions.

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 judgement on the recognition of grant revenue from DELWP and the Commonwealth as income of not-for-profit entities as they do not contain sufficiently specific performance obligations.

Income from specific purpose grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers 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

	2020 \$	2019 \$
Government grants		
Grants from DELWP	8,155,000	6,490,000
Grants from Commonwealth	1,993,954	1,839,997
Specific purpose grants	48,500	0
Total government grants	10,197,454	8,329,997
Sale of water allocation		
Sale of water allocation	0	4,861,725
Total sale of water allocation	0	4,861,725
Interest		
Interest from cash and deposits	98,460	110,100
Total interest	98,460	110,100

From 1 July 2019, the VEWH applied AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*. FRD 121 *Transitional requirements on the application of AASB 15 Revenue from Contracts with Customers* required the modified retrospective transition method to be adopted in applying AASB 15 and AASB 1058. As a result, comparative information has not been restated to reflect the new requirements.

2. Funding the delivery of our services (continued)

Government grants - current accounting policy for 30 June 2020

Income from grants without sufficiently specific performance obligations, or that are not enforceable, is recognised according to AASB 1058 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 grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue according to AASB 15 when the VEWH satisfies the performance obligation. Specific purpose grants are for the delivery of a specified activity or service related to the environmental water program and recognised in this way. The performance obligation is satisfied at the time when the VEWH has delivered the service or activity. 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.

Government grants - previous accounting policy for 30 June 2019

Income from grants is recognised when the VEWH gains control over the contribution. For reciprocal grants, the VEWH is deemed to have assumed control when the Commission is satisfied its performance obligations under the terms of the grant have been met. For non-reciprocal grants, the Commission is deemed to have assumed control when the grant is receivable or received. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Sale of water allocation - current accounting policy for 30 June 2020

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.

Sale of water allocation - previous accounting policy for 30 June 2019

The sale of water allocation is recognised as income when the VEWH no longer has ownership nor control of the water allocations. The total sale price is recorded, gross of any transaction costs that are recorded separately.

Interest

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 expenses
 - 3.1.1 Employee related provisions
 - 3.1.1 (a) Movement in provisions for on-costs
 - 3.1.1 (b) Gain / (loss) from revaluation of long service liability due to change in bond rates
 - 3.1.2 Superannuation contributions
- 3.2 Grants expenses
- 3.3 Environmental water holdings and transaction expenses
- 3.4 Supplies and services
 - 3.4.1 Audit fees

3.1 Employee expenses

	2020 \$	2019 \$
Employee expenses		
Salary and wages	(1,957,231)	(1,675,918)
Superannuation	(207,664)	(171,627)
Annual and long service leave	(287,827)	(203,173)
Other on-costs (fringe benefits tax, payroll tax and WorkCover premium)	(127,483)	(115,846)
Total employee expenses⁽ⁱ⁾	(2,580,205)	(2,166,564)

⁽ⁱ⁾ Employee expenses include remuneration of the Commissioners.

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

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period.

3. The cost of delivering services (continued)

3.1.1 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.

	2020 \$	2019 \$
Current provisions		
Employee benefits – annual leave		
Unconditional and expected to be settled within 12 months ⁽ⁱ⁾	228,468	198,504
Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾	5,298	12,368
Employee benefits – long service leave ⁽ⁱⁱⁱ⁾		
Unconditional and expected to be settled within 12 months ⁽ⁱ⁾	25,958	53,463
Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾	221,903	153,466
Total employee benefits	481,627	417,801
Provisions for on-costs (Note 3.1.1(a))		
Unconditional and expected to be settled within 12 months ⁽ⁱ⁾	40,432	39,886
Unconditional and expected to be settled after 12 months ⁽ⁱⁱ⁾	37,300	26,252
Total provision for on-costs	77,732	66,138
Total current provisions	559,359	483,939
Non-current provisions		
Employee benefits ⁽ⁱ⁾⁽ⁱⁱ⁾	112,435	70,455
Provisions for on-costs ⁽ⁱⁱ⁾	18,475	11,153
Total non-current provisions	130,910	81,608
Total provisions	690,269	565,547

⁽ⁱ⁾ The amounts disclosed are nominal amounts.

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

⁽ⁱⁱⁱ⁾ In 2019-20 the VEWH adopted the assumptions from the Department of Treasury and Finance 2008 Long Service Leave Model to split Long Service Leave provision between "settle within 12 months" and "settle after 12 months" for the current financial year. The change in the accounting estimate in the Long Service Leave provision has been applied prospectively. The comparative information has not been restated to reflect the current accounting estimate.

3.1.1(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 2020 \$
Opening balance	77,291
Additional provisions recognised	37,201
Reduction arising from payments	(15,577)
Unwind of discount and effect of changes in the discount rate	(2,708)
Closing balance	96,207
Current	77,732
Non-current	18,475
Total	96,207

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. They are recognised at remuneration rates which are current at the reporting date and measured at undiscounted amounts as it is expected the liabilities will be wholly settled within 12 months of reporting date.

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.

3.1.1(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.

3.1.2 Superannuation contributions

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by the VEWH are as follows:

Fund	Paid contributions for the year		Contributions outstanding at year end	
	2020 \$	2019 \$	2020 \$	2019 \$
Victorian Superannuation Fund – Vic Super Scheme	128,339	101,813	3,163	538
Various other	77,414	69,788	1,908	415
Total	205,753	171,601	5,071	952

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

3. The cost of delivering services (continued)

3.2 Grants expenses

	2020 \$	2019 \$
Grants		
Grants to water corporations	(177,318)	(397,191)
Grants to catchment management authorities	(252,405)	(816,253)
Grants to DELWP for specific projects	(85,000)	(1,480,000)
Grants to Commonwealth	0	(36,360)
Total grants	(514,723)	(2,729,804)

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. Grants expenses are recognised in the reporting period in which they are paid or payable.

3.3 Environmental water holdings and transaction expenses

	2020 \$	2019 \$
Environmental water holdings and transaction expenses		
Water storage	(5,695,820)	(4,812,082)
Delivery fees	(1,460,751)	(1,392,078)
Water purchases	0	(320,700)
General delivery expenses (including statutory fees)	(15,683)	(16,871)
Total environment water holdings and transaction expenses	(7,172,254)	(6,541,731)

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

3. The cost of delivering services (continued)

3.4 Supplies and services

	2020 \$	2019 \$
Supplies and services		
Contract and professional services	(376,998)	(612,289)
General expenses	(130,488)	(136,032)
Office and accommodation	(172,512)	(168,595)
IT expenses	(85,421)	(111,011)
Travel and subsistence	(49,775)	(68,054)
Motor vehicle expenses	(12,473)	(13,837)
Community awareness and publicity	(15,265)	(18,307)
Postage and telephone and office expenses	(27,017)	(33,585)
Total supplies and services	(869,949)	(1,161,710)

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

3.4.1 Audit fees

	2020 \$	2019 \$
Victorian Auditor-General's Office		
Audit of the financial statements	(7,400)	(7,200)
Total Audit Fees	(7,400)	(7,200)

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

	2020	2019
	\$	\$
Current receivables		
Contractual		
Trade receivables	0	1,408
Amounts owing from DELWP	654,557	533,091
Accrued income	342,508	302,160
Total contractual receivables	997,065	836,659
Statutory		
GST input tax credit recoverable	15,347	61,570
Total statutory receivables	15,347	61,570
Total current receivables	1,012,412	898,229

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 6.2.1.

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. The VEWH applies AASB 9 *Financial Instruments* for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

4. Other assets and liabilities (continued)

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.

4.3 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, water entitlement attributes, acquisition method 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.

4.4 Payables

	2020 \$	2019 \$
Current payables		
Contractual		
Trade creditors	29	619,015
Accrued expenses	352,535	729,407
Total contractual payables	352,564	1,348,422
Statutory		
Taxes payable	0	0
GST input tax credit payable	0	11,724
Total statutory payables	0	11,724
Total current payables	352,564	1,360,146

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 and arise when the VEWH becomes obliged to make future payments in respect of the purchase of those goods and services.

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

The following table discloses the maturity analysis for the VEWH's contractual payables.

	Carrying amount \$	Nominal amount \$	Maturity dates	
			Less than 1 month \$	More than 1 month \$
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
2019				
Payables				
Trade creditors	619,015	619,015	619,015	0
Accrued expenses	729,407	729,407	729,407	0
Total	1,348,422	1,348,422	1,348,422	0

The average credit period was 30 days. In response to the coronavirus (COVID-19) outbreak, the VEWH is in compliance with 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 trade 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.

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

	2020 \$	2019 \$
Funds held in trust – cash	2,621,693	4,252,105
Funds held in trust – fund held in deposits (less than three months)	6,693,742	6,925,282
Total cash and deposits disclosed in the balance sheet	9,315,435	11,177,387
Balance per cash flow statement	9,315,435	11,177,387

Cash and deposits, including cash equivalents, comprise of cash on hand, cash at bank and deposits at call with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes and which 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

	2020 \$	2019 \$
Comprehensive result	(858,325)	698,156
Non-cash movements		
Net gain/(loss) arising from revaluation of long service liability	(17,108)	3,857
Movements in assets and liabilities		
(Increase)/Decrease in receivables	(114,183)	(78,693)
(Increase)/Decrease in prepayments	(6,584)	2,083
Increase/(Decrease) in payables	(1,007,583)	1,054,478
Increase/(Decrease) in provisions	141,830	101,218
Net cash inflows/(outflows) from operating activities	(1,861,953)	1,781,099

5.2 Commitments for expenditure

There are no commitments for future expenditure arising from contracts (2019: Nil).

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. 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
- 6.2 Financial risk management objective and policies
 - 6.2.1 Financial instruments: Credit risk
 - 6.2.2 Financial instruments: Market risk
 - 6.2.3 Financial instruments: Interest rate risk
 - 6.2.3 (a) Interest rate sensitivity and assumptions
- 6.3 Contingent assets and 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 (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments.

From 1 July 2019, the VEWH applies AASB 9 and classifies all financial assets based on the VEWH's model for managing the assets and the asset's contractual terms.

Categories of financial assets

Financial assets are measured at amortised costs 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).

Categories of 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.

The VEWH recognised the following liabilities in this category:

- payables (excluding statutory payables).

6. Risks, contingencies and valuation judgements (continued)

Derecognition of financial instruments

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 the risks and rewards or control of the asset.

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

Reclassification of financial instruments

Financial assets are required to reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the VEWH's business model for managing its financial assets has changes such that its previous model would no longer apply.

However, the VEWH is generally unable to change its business model because it is determined by the Performance Management Framework (PMF) under the Standing Directions of the Assistant Treasurer 2018.

Financial liabilities are not permitted to be reclassified subsequent to initial recognition.

Categories of financial instruments

The VEWH's management has assessed for all financial assets based on VEWH's business models for managing the assets.

The carrying amounts of the Entity's financial assets and financial liabilities by category are in the table below.

	2020				2019			
	Cash and deposits \$	Contractual financial assets at amortised cost \$	Contractual financial liabilities at amortised cost \$	Total \$	Cash and deposits \$	Contractual financial assets at amortised cost \$	Contractual financial liabilities at amortised cost \$	Total \$
Contractual financial assets								
Cash and deposits	9,315,435	0	0	9,315,435	11,177,387	0	0	11,177,387
Receivables								
Trade receivables	0	0	0	0	0	1,408	0	1,408
Amounts owing from DELWP (current)	0	654,557	0	654,557	0	533,091	0	533,091
Accrued income	0	342,508	0	342,508	0	302,160	0	302,160
Total contractual financial assets	9,315,435	997,065	0	10,312,500	11,177,387	836,659	0	12,014,046
Contractual financial liabilities								
Payables								
Trade creditors	0	0	29	29	0	0	619,015	619,015
Other accrued expenses	0	0	352,535	352,535	0	0	729,407	729,407
Total contractual financial liabilities	0	0	352,564	352,564	0	0	1,348,422	1,348,422

6. Risks, contingencies and valuation judgements (continued)

6.2 Financial risk management objective and policies

The VEWH's principal financial instruments comprise of:

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

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.

6.2.1 Financial instruments: Credit risk

Credit risk arises from the contractual financial assets of the VEWH's debtors. 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

The VEWH adopts AASB 9's Expected Credit Loss approach to recording the allowance for expected credit loss for the relevant financial instruments, and applies the AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates.

As of 30 June 2020, the VEWH did not have trade receivables past due (2019: Nil). On this basis, the VEWH determined no allowance for expected credit loss was required at end of the financial year (2019: Nil).

6.2.2 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.

6. Risks, contingencies and valuation judgements (continued)

6.2.3 Financial instruments: Interest rate risk

	Weighted average interest rate %	Carrying amount ⁽ⁱ⁾ \$	Interest rate exposure		
			Fixed interest rate \$	Variable interest rate \$	Non- interest bearing \$
2020					
Contractual financial assets					
Cash and deposits	0.84	9,315,435	0	9,315,435	0
Trade receivables		0	0	0	0
Amounts owing from DELWP (current)		654,557	0	0	654,557
Accrued income		342,508	0	0	342,508
Total		10,312,500	0	9,315,435	997,065
Contractual financial liabilities					
Trade creditors		29	0	0	29
Accrued expenses		352,535	0	0	352,535
Total		352,564	0	0	352,564
2019					
Contractual financial assets					
Cash and deposits	1.65	11,177,387	0	6,925,282	4,252,105
Trade receivables		1,408	0	0	1,408
Amounts owing from DELWP (current)		533,091	0	0	533,091
Accrued income		302,160	0	0	302,160
Total		12,014,046	0	6,925,282	5,088,764
Contractual financial liabilities					
Trade creditors		619,015	0	0	619,015
Other accrued expenses		729,407	0	0	729,407
Total		1,348,422	0	0	1,348,422

⁽ⁱ⁾ The fair value of all financial instruments the VEWH holds are considered to be the same as the carrying amount.

6. Risks, contingencies and valuation judgements (continued)

6.2.3 (a) 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 'reasonably possible' over the next 12 months. Base interest rates are sourced from the Reserve Bank of Australia.

	Interest rate sensitivity		
	Carrying amount	-0.5% -50 basis points	+0.5% 50 basis points
2020			
Contractual financial assets			
Cash and deposits ⁽ⁱ⁾	9,315,435	(46,577)	46,577
Total	9,315,435	(46,577)	46,577
2019			
Contractual financial assets			
Cash and deposits ⁽ⁱ⁾	11,177,387	(55,887)	55,887
Total	11,177,387	(55,887)	55,887

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

6.3 Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities (2019: 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 (2019: Nil).

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

7.2 Responsible persons

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

The names of persons who held the positions of minister, responsible persons and accountable officers of the VEWH were:

Minister for Water	The Hon. Lisa Neville	1 July 2019 to 30 June 2020
Chairperson	Christopher Chesterfield	1 July 2019 to 30 June 2020
Deputy Chairperson	Peta Maddy	1 July 2019 to 30 June 2020
Commissioner	Rueben Berg	1 July 2019 to 30 June 2020
Commissioner	Jennifer Fraser	1 July 2019 to 30 June 2020
Co-Chief Executive Officer	Beth Ashworth	1 July 2019 to 30 June 2020
Co-Chief Executive Officer	Sarina Loo	1 July 2019 to 30 June 2020

7. Other disclosures (continued)

Remuneration

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.

	2020 No.	2019 No.
Income band ⁽ⁱ⁾		
\$10,000 - \$19,999	0	2
\$30,000 - \$39,999	2	3
\$40,000 - \$49,999	1	0
\$70,000 - \$79,999	1	0
\$120,000 - \$129,999	0	1
\$130,000 - \$139,999	1	0
\$140,000 - \$149,999	1	0
Total number of responsible persons	6	6
Total remuneration	\$ 485,730	\$ 255,694

⁽ⁱ⁾ The change in remuneration reflects the first full year of the updated governance structure with the appointment of the Co-Chief Executive Officers who assumed the role of accountable officer. This was effective from 23 May 2019.

The remuneration above 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.

7.3 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 accountable officers, during the reporting period.

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)

	2020 \$	2019 \$
Compensation of KMPs		
Short-term benefits	437,041	231,628
Post-employment benefits	41,977	21,048
Other long-term benefits	6,712	3,018
Total remuneration	485,730	255,694

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

During the year, 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 (2019: 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.

	2020 \$	2019 \$	
Receipts during the year			
Department of Environment, Land, Water and Planning	for managing VEWH's environmental water entitlements.	5,041,284	3,237,214
Department of Environment, Land, Water and Planning	for VEWH staff costs and administration.	3,162,216	3,252,786
Receivables and accruals at 30 June			
Department of Environment, Land, Water and Planning		654,557	533,091

In 2019-20, the Melbourne Water Corporation transferred water shares to the VEWH at nil cost. The transfer consisted of 734.1 ML of high-reliability water shares and 360.8 ML of low-reliability water shares in the Werribee system.

7. Other disclosures (continued)

The transaction was assessed per relevant Australian Accounting Standards and Financial Reporting Directions, and it was determined no asset or income should be recorded, consistent with existing water entitlements held by the VEWH. By taking on ownership of the water shares the VEWH has the ongoing obligation to pay for annual water storage fees, the first payment was made in 2019-20. The full list of water entitlements held by the VEWH is included in the report of operations.

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.

		2020 \$	2019 \$
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.	61,000	1,460,000
Department of Environment, Land, Water and Planning	for secondment of staff.	4,186	0
Department of Premier and Cabinet	for secondment of staff.	0	12,850
Department of Treasury and Finance	for shared service vehicle hire.	12,948	14,855
Victorian Government Solicitor's Office	for legal advice during the year.	0	4,390
Victorian Managed Insurance Authority	for insurance coverage for the year.	50,457	47,432
Victorian Public Sector Commission	for internship and training programs.	9,555	0

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.

		2020 \$	2019 \$
Payments made during the year			
Corangamite Catchment Management Authority		82,031	75,602
Glenelg Hopkins Catchment Management Authority		15,186	145,441
Goulburn Broken Catchment Management Authority		72,870	164,625
Goulburn Murray Rural Water Corporation ⁽ⁱ⁾		612,880	619,015
Grampians Wimmera Mallee Water Corporation ⁽ⁱ⁾		530,329	436,910
Lower Murray Urban and Rural Water Corporation		264,540	23,514
Mallee Catchment Management Authority		422,954	394,057
North Central Catchment Management Authority		145,437	248,832
North East Catchment Management Authority		5,000	0
West Gippsland Catchment Management Authority		36,410	38,920
Wimmera Catchment Management Authority		7,040	54,304

7. Other disclosures (continued)

Significant transactions with government-related entities 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.

	2020 \$	2019 \$
Payments made during the year		
Central Highlands Region Water Corporation	41,258	40,569
Gippsland and Southern Rural Water Corporation	361,631	340,571
Goulburn Murray Rural Water Corporation ⁽ⁱ⁾	4,699,544	4,151,425
Grampians Wimmera Mallee Water Corporation ⁽ⁱ⁾	459,588	643,756
Melbourne Water Corporation	0	30,855
Payables and accruals at 30 June 2020:		
Barwon Water	0	300,000
Department of Environment, Land, Water and Planning	24,000	0
Gippsland and Southern Rural Water Corporation	15,000	11,896
Glenelg Hopkins Catchment Management Authority	25,693	0
Goulburn Murray Rural Water Corporation	5,396	619,015
Grampians Wimmera Mallee Water Corporation	3,200	173,785
Lower Murray Urban and Rural Water Corporation	0	128,246
Mallee Catchment Management Authority	10,750	0
Melbourne Water Corporation	117,971	0
North Central Catchment Management Authority	1,595	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 (ie. metering), as well as storage and delivery.

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, in which the VEWH is operating in. The Victorian Government declared a State of Disaster on 2 August 2020 and restrictions were applied to Metropolitan Melbourne and Regional Victoria. These restrictions were eased on 28 October 2020. 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 2020 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 2019-20 reporting period.

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

- *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material.* Applicable for the VEWH from 1 July 2020, this standard refines and clarifies the definition of 'material'.
- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current.* Applicable for the VEWH from 1 July 2022, this standard clarifies the requirements for the presentation of liabilities in the balance sheet as current or non-current. The meaning of 'settlement of a liability' is also clarified.

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

- *AASB 17 Insurance Contracts.*

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

Auditor-General's Report



Independent Auditor's Report

To the Commissioners of the Victorian Environmental Water Holder

Opinion	<p>I have audited the financial report of the Victorian Environmental Water Holder which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • 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 2020 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
10 November 2020



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 22H	Manner of establishment and the responsible Minister/s	Page 2
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Management and structure		
FRD 22H	Organisational structure & Governing board	Page 38
Financial and other information		
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FRD 22H	Subsequent events	Page 37
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FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Page 45
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SD 5.2.1(a)	Compliance with Ministerial Directions	
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Other disclosures as required by FRDs in notes to the financial statements		
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FRD 103H	Non-Financial Physical Assets	Page 67
FRD 110A	Cash Flow Statements	Page 54

Legislation

Building Act 1983

Carers Recognition Act 2012

Financial Management Act 1994

Freedom of Information Act 1982

Public Interest Disclosure Act 2012

Public Administration Act 2004

Water Act 1989

Local Jobs First Act 2003

APPENDICES



Appendix 2 – Acronyms and Abbreviations

AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
BAU	Business As Usual
CBS	Centralised Banking System
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
DTF	Department of Treasury and Finance
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
IP	Intellectual Property
IT	Information Technology
KMP	Key Management Personnel
LSL	Long Service Leave
MDBA	Murray-Darling Basin Authority
ML	Megalitre
MP	Member of Parliament
MPSG	Major Project Skills Guarantee
MW	Melbourne Water
NFP	Not-for-profit
NVIRP	Northern Victoria Irrigation Renewal Project
OCI	Organisational Culture Inventory
PID	Public Interest Disclosure
PMF	Performance Management Framework
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
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

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