

www.vewh.vic.gov.au

Corporate Plan

2024-25 to 2027-28



Acknowledgement of Traditional Owners

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

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

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

The VEWH sees the meaningful intersection between the aims of the environmental watering program – healthy waterways, healthy communities – and the deep and enduring obligations Traditional Owners have to Country and to Aboriginal people. We deeply value

the ongoing contribution that Traditional Owners and Aboriginal knowledge systems are making to planning and managing water for the environment. We recognise that this contribution is largely through frameworks and processes that have not been determined by Traditional Owners, and contribution does not imply endorsement of those frameworks and processes. More can be done to increase Traditional Owners' power and agency and enable progress towards self-determination within the environmental watering program.

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



Contents

FOREWORD	1
OVERVIEW	2
1 BUSINESS DIRECTION	3
1.1 Vision, mission, outcomes and values	3
1.1.1 Vision	3
1.1.2 Organisational mission	3
1.1.3 Organisational outcomes	3
1.2 Statutory objectives and functions	5
1.3 Government policy priorities	6
1.4 United Nations Sustainable Development Goals	10
1.5 Governance and key relationships	11
1.5.1 Commission and Executive	11
1.5.2 Key relationships	11
2 PLANNED PROGRAMS AND OUTPUTS	16
3 FUTURE CHALLENGES AND OPPORTUNITIES	20
3.1 Challenges and risks	20
3.2 Opportunities	23
4 ESTIMATES OF REVENUE AND EXPENDITURE	24
4.1 Programs budget	24
4.2 Income assumptions	25
4.3 Operating statement	26
4.4 Balance sheet	28
4.5 Notes	29
4.5.1 Water Holdings	29
4.5.2 Revenue	29
4.5.3 Inter-annual seasonal variability	29
4.5.4 Carry forward	29
4.5.5 Water trade	30
4.5.6 Delivery of water for other water holders	31
4.5.7 Assets and liabilities	31

Photograph credits:

- Front cover: *Smoking Ceremony, Gunbower Creek, May 2023, by Nick Stewart/VEWH*
- Previous page: *Dhudhuroa and Waywurru Aboriginal Waterways Assessment (AWA) on the Ovens and King rivers by Murray-Darling Basin Authority*

Foreword

On behalf of the VEWH, we are pleased to present the Victorian Environmental Water Holder's Corporate Plan 2024-25 to 2027-28.

The corporate plan sets out our objectives and strategic priorities, our targets and how we will measure our performance.

The VEWH is a statewide independent body with the unique role of managing Victoria's environmental water entitlements for the health of rivers, wetlands and floodplains.

Together with our program partners, which includes waterway, storage and land managers and increasingly Traditional Owners, we seek to maximise the environmental outcomes that environmental watering can achieve, and the resulting flow-on benefits for cultural, social, recreational and economic values.

The corporate plan includes key strategic priorities outlined in the VEWH *10-Year Strategy 2023 to 2033* to deliver longer-term direction in line with program partner and government priorities.

Our priority areas include:

- supporting Traditional Owner self-determination
- optimising environmental and community benefits
- enhancing landscape-scale outcomes
- demonstrating and communicating outcomes
- adapting to climate change.

The corporate plan sets out how the VEWH will manage the Water Holdings and contribute to the delivery of government policy directions.

We will continue to evolve the efficient and effective use of environmental water holdings, adapting to key challenges, including a drying climate and more intense and unseasonal rainfall, as we have seen over the past few years.

Intensifying seasonal variability brings the importance of water for the environment into sharper focus. The La Niña pattern brought with it four consecutive wet years and record flood events. We enter the next year with full storages in many systems, but the longer-term climate change forecast is for a prevailing warming trend, decreasing cool season rains, more severe droughts and more extreme events like fire and flood. Our corporate planning enables us to be prepared for many different scenarios.

Victoria's environmental watering program adapts to variability as we work with program partners to plan seasonal watering each year and target watering actions aimed to achieve the best possible environmental outcomes.

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

Respecting Traditional Owner lore and cultural values in managing environmental water will be strengthened as government implements the targeted outcomes of *Water is Life: Traditional Owner Access to Water Roadmap* for increased Traditional Owner empowerment and self-determination in how water is used to heal Country.

The VEWH's People Strategy continues to support cultural diversity, gender equity and capability. Our financial forecast reflects a focus on efficiency and expenditure restraint whilst continuing to provide environmental outcomes for the community.

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

Julie Miller Markoff



Chairperson

Dr Sarina Loo



Chief Executive Officer

Overview

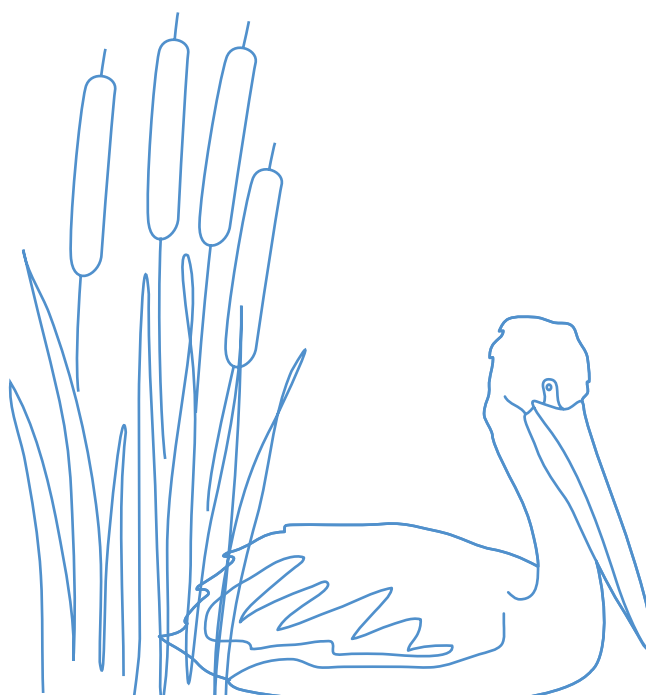
The Victorian Environmental Water Holder (VEWH) is an independent statutory body established in 2011 under the *Water Act 1989* to transparently manage environmental water entitlements. The VEWH decides where, when and how water for the environment will be used in Victoria, including water delivered for the health of rivers, wetlands and floodplains and the plants and animals that depend on them, and using tools like carryover and trade to get the most benefit for our waterways.

Victoria's environmental watering program is overseen by the Minister for Water through the Department of Energy, Environment and Climate Action (DEECA). DEECA manages investment in the VEWH environmental water program, and coordinates state-scale environmental flow monitoring and assessment programs. As well as funding from DEECA, the Water Act enables the VEWH to use carryover and trade to maximise the environmental objectives when it manages and delivers environmental flows.

The VEWH works in close collaboration with program partners, and has a strong commitment to understanding and responding to Traditional Owner, stakeholder and community contributions. The VEWH's program partners include Victoria's waterway managers (catchment management authorities and Melbourne Water), DEECA, other environmental water holders, water storage managers and land managers. Traditional Owners increasingly partner in the environmental watering program, either directly with the VEWH or together with waterway managers. The VEWH is committed to advancing the agency and self-determination of Traditional Owners.

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

The shorter-term strategic planning and operational delivery of this corporate plan is complemented with the longer-term, direction-setting priorities in the VEWH *10-Year Strategy 2023 to 2033*. The corporate plan outlines our core business activities and what the VEWH does to meet its statutory obligations. The 10-year strategy guides how we fulfil our statutory obligations, and how we evolve to optimise the outcomes achieved and make sure that implementation acknowledges any significant challenges and addresses them where possible. Many priorities in the 10-year strategy respond to evolving government policy priorities as they were communicated in the letter of expectations received from the Minister for Water.



1 Business direction

1.1 Vision, mission, outcomes and values

1.1.1 Vision

The VEWH's aspirational vision for Victoria's environmental watering program is:

Water for healthy waterways, valued by communities.

1.1.2 Organisational mission

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

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

1.1.3 Organisational outcomes

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

Our Environment outcome

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

Our Communities outcome

Engagement, understanding and contribution of program partners, Traditional Owners, stakeholders and communities in the environmental watering program is strengthened.

Our Culture outcome

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

The VEWH's core values are fundamental to the way we deliver these outcomes – collaboratively, with initiative, commitment and integrity.

Figure 1: Overview of business direction



1.2 Statutory objectives and functions

The VEWH's statutory powers and obligations are described in section 33DC to 33DE of the *Water Act 1989* (the Act). The overarching objectives of the VEWH are to manage the Water Holdings (see Table 2) for the purposes of:

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

The functions of the VEWH described in section 33DD of the Act are to do the following in accordance with the objectives outlined above:

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

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

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

Other key pieces of legislation under which the VEWH has obligations include:

- the *Financial Management Act 1994*: which sets out the requirement to ensure appropriate financial management practice is implemented and maintained, and a consistent standard of accountability and financial reporting is achieved
- the *Public Administration Act 2004*: which sets out the requirement to ensure good governance in the Victorian public sector and to foster effective, efficient, integrated and accountable service delivery.

1.3 Government policy priorities

Each year, the Minister for Water provides guidelines and performance expectations of the VEWH for the coming business planning year. These are communicated through an annual 'letter of expectations' and corporate plan guidelines. The Minister's letter of expectations for 2024-25 identified six policy priority areas that align with *Water for Victoria* and two additional areas of interest to be considered in the VEWH corporate plan. The six policy priority areas are:

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

The two areas of interest are:

- **Customer data protection:** activities and actions identified within the Victorian Data Security Framework, including plans to improve the information security maturity of the business, and protect customer information
- **Cyber security:** adopting internationally recognised approaches to reduce their cyber security risk (e.g., 'Essential Eight' Maturity Model provided by the Australian Cyber Security Centre) and demonstrate a commitment to integrating cyber risk management capacity, capability, process and system improvements into planning and decision-making across the business, including activities and actions that will reduce the business exposure to cyber-attack, minimise the impacts of service disruption to customers, and restore services promptly following an attack.

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

Climate change and energy

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

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

Through implementation of the VEWH's 'Our Environment' program, the environmental watering program is already very responsive to climate variability. Program partners use a seasonally adaptive approach in

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

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

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

Environmental watering

The VEWH's core business, and the focus of the 'Our Environment' program and outcome, is to ensure that Victoria's environmental water holdings are managed effectively and efficiently to optimise environmental outcomes for enduring benefit. Key elements of this program include:

- making decisions on the most effective use of the Water Holdings at a landscape-scale, including use, carryover and trade
- liaising with other water holders to ensure coordinated use of all sources of environmental water
- authorising waterway managers to implement watering decisions
- consideration of complementary benefits for social, recreational and Aboriginal cultural values and uses of waterways in environmental flows planning and management
- working with storage managers to maximise environmental watering outcomes and to contribute to the optimisation of multiple benefits from the delivery of all water
- where possible, investing in monitoring, research, knowledge, complementary works and measures or other priorities, where it improves the ability to manage the water holdings and the performance of Victoria's environmental watering program.¹

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

- contributing to the development of government policy, strategies and infrastructure projects that address continued waterway health degradation, to enhance environmental watering outcomes and ensure effective integration of environmental watering with broader catchment management activities
- refining our trade and revenue investment framework to optimise outcomes through strategic investment
- contributing to Victorian and Commonwealth Government monitoring and knowledge programs to advise on our information needs to report on water for the environment outcomes
- working with program partners to evolve understanding and delivery of landscape-scale environmental outcomes.

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

Recognise Aboriginal values

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

The VEWH's 'Our Environment' and 'Our Communities' programs have a focus on incorporating Aboriginal values and knowledge into seasonal water planning and increasing Traditional Owner participation and self-determination in managing water for the environment. Traditional Owners are increasingly involved in the local planning, delivery and monitoring undertaken by waterway managers. In addition to waterway manager engagement with Traditional Owner Nations, the VEWH is progressively engaging directly with Nations when this is their preferred engagement model, to support their increased leadership, decision-making and self-governance around water management. To progress self-determination in the environmental watering program, the VEWH is working with Traditional Owners and other program partners to trial Traditional Owner-led seasonal watering proposals.

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

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

Recreational values

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

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

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

Community engagement and partnerships

The VEWH's 'Our Community' program and outcome aims to strengthen engagement and understanding of stakeholders and communities in the environmental watering program. Collaboration, participation and engagement with program partners and Traditional Owners, together with input from stakeholders and communities, helps maximise cultural, economic, social and recreational benefits of water for the environment. The VEWH directly engages at a statewide level including with peak bodies and plays a role in supporting the regional communication and engagement activities of our program partners and their consideration of social, recreational, economic and Traditional Owner cultural values, including in seasonal watering proposals.

Key elements of the 'Our Community' program include:

- coordinating with program partners including catchment management authorities, Melbourne Water and other environmental water holders on opportunities to build and maintain participation, understanding and trust with stakeholders and communities
- building and maintaining strategic relationships with key stakeholder groups including peak bodies representing Traditional Owner, environment, recreation, agriculture, tourism, and other interests to support inclusion of community values in the environmental watering program and complement regional engagement undertaken by our program partners
- fostering community and stakeholder understanding of our program and outcomes, through implementation of our communication and engagement strategy.

Leadership and cultural diversity

The focus of the 'Our Culture' program and outcome is to ensure the VEWH is a highly capable, well-governed organisation that demonstrates a culture of collaboration, integrity, commitment and initiative.

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

Implementation of the VEWH People Strategy has enabled significant improvements to our team culture. Workload management and employee capability and retention continue to be a focus. The People Strategy also includes a focus on strengthening staff cultural capability to create an informed, respectful, and culturally safe environment within the VEWH.

The VEWH is committed to cultural diversity in the workforce and gender equity in executive leadership. The *DEECA guide to annual reporting – public bodies* restricts the VEWH on the metrics that can be used for reporting on our workforce, due to privacy and confidentiality concerns associated with the small number of VEWH staff. However, as the VEWH employs staff through DEECA, we commit to abiding by DEECA's diversity and inclusion policies and VEWH staff will be included in DEECA reporting.

Customer data protection and Cyber security

For administrative efficiency, the VEWH uses DEECA's systems and processes for provision of information communication technology. This arrangement is formalised through a service level agreement. DEECA's Cyber Security Strategy is based on industry best practices and follows the Australian Signals Directorate's Information Security Manual and Essential Eight strategies to mitigate cyber security incidents. The Cyber Security Strategy outlines how the Essential Eight will apply to DEECA. DEECA's Cyber Security Assurance Program outlines a set of assessments, reviews, tests and audits based on the Victorian Protective Data Security Framework (VPDSF), the Australian Government Information Security Manual, and industry best practice (including ISO 27000). The VEWH is included in DEECA's multi-organisation Protective Data Security Plan (PDSP) annual attestation to the Office of the Victorian Information Commissioner.

Cyber security is included in the VEWH strategic risk register, see Table 4 for key mitigating actions.

1.4 United Nations Sustainable Development Goals

The VEWH will also play its role as a global citizen to transparently report on how our actions help to progress the United Nations Sustainable Development Goals that are relevant to our work.

The Commissioner for Environmental Sustainability Victoria (CES) made recommendations in the *Victorian State of the Environment 2023 Report* that align to the United Nations Sustainable Development Goals (UN SDGs).

Table 1 outlines how the VEWH is contributing to the UN SDG targets for environmental water management.



Table 1: VEWH contribution to the UN SDG targets for environmental water management

United Nations Sustainable Development Goals	How the VEWH is contributing to them
6.4 - By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	The VEWH is efficient with its use of environmental water through measures such as return flows and using delivery infrastructure.
6.5 - By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.	The Victorian environmental watering program is part of an integrated catchment management framework and interjurisdictional water management approach.
9.5 - Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.	The VEWH invests in knowledge and research to strengthen the environmental water program. The VEWH contributes to Victorian and Commonwealth Government monitoring and knowledge programs to advise on our information needs to manage and report on water for the environment outcomes.
13.2 - Integrate climate change measures into national policies, strategies and planning.	The VEWH is adapting to climate change through implementation of the 10-year strategy, having a seasonally adaptive approach to environmental water management and following national and state guidance on approaches to managing the impacts of climate change. The VEWH will achieve net zero emissions for all office, vehicle, travel and waste services by 2025.
15.1 - By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.	The VEWH's primary objective is to improve the environmental values and health of water ecosystems, including their biodiversity, ecological function and water quality, and other uses that depend on environmental condition.

1.5 Governance and key relationships

1.5.1 Commission and Executive

The VEWH is overseen by a Commission responsible for the overall governance and strategic direction of the organisation and for delivering accountable performance and conformance in line with the organisation's goals and objectives.

As at April 2024, the VEWH Commission is comprised of four part-time Commissioners:

- Julie Miller Markoff (Chairperson)
- Dr Rohan Henry (Deputy Chairperson)
- Peta Maddy (Commissioner)
- Tim Chatfield (Commissioner).

The current Commission term of appointments conclude on 30 September 2027.

The VEWH Chief Executive Officer, Dr Sarina Loo, is responsible for managing the effective and efficient day-to-day operations of the VEWH, ensuring its policies and strategies are effectively implemented, and that legislation and government policies are complied with. The Chief Executive Officer and three Executive Managers make up the Executive Team.

1.5.2 Key relationships

Partnerships are key to the success of Victoria's environmental watering program; no one organisation alone can deliver it. Figure 2 summarises the key partnerships and responsibilities, which are described in more detail below.

The program is overseen by the Victorian Minister for Water through the Department of Energy, Environment and Climate Action (DEECA).

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

Waterway managers (catchment management authorities and Melbourne Water as defined under the *Water Act 1989*) are the pivotal program partners of the VEWH, responsible for undertaking the local planning, engagement, communication and management associated with environmental water delivery. Waterway managers and the VEWH liaise with storage managers (water corporations and the Murray-Darling Basin Authority [MDBA]) who are responsible for supplying environmental water, and land managers (Parks Victoria, Traditional Owners, private landowners and DEECA), who manage the sites to which water is applied. Waterway managers are also responsible for undertaking important complementary catchment and waterway management activities, critical to ensuring the success of the watering program and achieving overall waterway health objectives.

Traditional Owners have a deep and enduring connection to Victoria's rivers, wetlands and floodplains, spanning tens of thousands of years. There is a meaningful intersection between the aims of the environmental watering program – healthy waterways, healthy communities – and the deep and enduring obligations Traditional Owners have to Country and Aboriginal people. The VEWH is committed to partnering with Traditional Owners to increase Traditional Owner

decision-making and self-determination within the environmental watering program, and work with Traditional Owners and program partners to implement the Victorian Government's *Water is Life* policy.

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

Storage managers – designated water corporations – deliver water for all water users including waterway managers and environmental water holders.

Public land managers such as Parks Victoria, DEECA and Traditional Owner land management boards are closely involved in planning and delivering water for the environment on public land, such as state forests and national parks. Their responsibilities include controlling infrastructure, such as pumps, outlets, gates and channels, and public signage. Some environmental watering also occurs on private land, in partnership with landholders or corporations.

The VEWH works in collaboration with DEECA which oversees the Victorian environmental water policy and governance frameworks. This includes program funding, long-term environmental water planning, delivery of Victoria's commitments under the Murray-Darling Basin Plan and coordination of state-scale environmental flow monitoring and assessment programs.

The environmental watering program also draws on the important knowledge of scientists, Traditional Owners, peak body representative groups and a variety of interested local community members. Scientists provide evidence about how water for the environment supports native plants and animals in the short- and long-term, and work with waterway managers to monitor, evaluate and report on environmental watering outcomes. Traditional Owners have a holistic approach to managing land and waters with cultural management practices reflecting the interdependency between Country and Aboriginal people, developed over tens of thousands of years.

Community representatives and peak body organisations provide significant perspectives to guide implementation of the environmental watering program, particularly in identifying ways that social, economic, recreational and Traditional Owner cultural values and uses of waterways can be supported or contributing to citizen science activities. They assist the VEWH and its program partners to understand what is important to them and their members and can help share information with people who are interested in the program. For example, working with a kayaking association can help identify waterways, locations and timing of flows that are good for kayakers, can help gather observations about a waterway, and can help kayakers to know when flows might be delivered and why.

Local community members help identify environmental values in each region and help monitor the success of environmental watering. Local communities make great use of their local rivers and wetlands, and they bring a wealth of cultural, economic, recreational, and social perspectives to the program.

Citizen scientists are increasingly monitoring environmental watering outcomes. In some regions, Birdlife Australia volunteers help monitor outcomes at wetlands, and Waterwatch volunteers collect water quality information to inform management decisions about some rivers.

Figure 2: Key partnerships and responsibilities



Table 2 outlines a summary of rights and entitlements in the Water Holdings as at 31 March 2024. Further detail about the Water Holdings can be obtained from the Victorian Water Register (www.waterregister.vic.gov.au).

Table 2: The Water Holdings (as at 31 March 2024)

System	Entitlement	Water Holder	Volume (ML)	Class of entitlement
Gippsland region				
Latrobe	Blue Rock Environmental Entitlement 2013	VEWH	18,737 ¹	Share of inflow
	Latrobe River Environmental Entitlement 2011	VEWH	n/a ²	Unregulated
Thomson	Bulk Entitlement (Thomson River – Environment) Order 2005	VEWH	10,000	High reliability
			8,000 ¹	Share of inflow
Macalister	Macalister River Environmental Entitlement 2010	VEWH	12,461	High reliability
			6,230	Low reliability
Snowy	Bulk Entitlement (River Murray – Snowy Environmental Reserve) Conversion Order 2004	VEWH	29,794	High reliability
			30,252	High reliability
	Bulk Entitlement (Goulburn System – Snowy Environmental Reserve) Order 2004	VEWH	8,156	Low reliability
			23,462	High reliability
Water shares	VEWH	24,275	Low reliability	
Central region				
Yarra	Yarra Environmental Entitlement 2006	VEWH	17,000	High reliability
			55	Unregulated
Tarago	Tarago and Bunyip Rivers Environmental Entitlement 2009	VEWH	3,000 ¹	Share of inflow
Werribee	Water shares	VEWH	734	High reliability
			361	Low reliability
	Werribee River Environmental Entitlement 2011	VEWH	n/a ¹	Share of inflow
Moorabool	Moorabool River Environmental Entitlement 2010	VEWH	7,086 ¹	Share of inflow
Barwon	Barwon River Environmental Entitlement 2011	VEWH	n/a ²	Unregulated
	Upper Barwon River Environmental Entitlement 2018	VEWH	2,000 ¹	Share of inflows
Western region				
Wimmera and Glenelg	Wimmera and Glenelg Rivers Environmental Entitlement 2010	VEWH	40,560	High reliability
			1,000	Low reliability

1. Water is accumulated continuously according to a percentage share of inflows to these entitlements (i.e. the Blue Rock 9.45%, Thomson 3.9%, Tarago 10.3%, Werribee 10.0%, Moorabool 11.9% and upper Barwon River 3.8%). This volume represents the designated storage volume available to VEWH under the entitlement except for Werribee because the VEWH entitlement does not include a storage share in the Werribee system. The actual volume available in any year varies according to inflows.

2. Access to water under this entitlement is dependent on suitable river heights and there is no volumetric entitlement associated with the entitlement.

System	Entitlement	Water Holder	Volume (ML)	Class of entitlement
Northern region				
Victorian Murray	Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999	VEWH	95,571	High reliability
			30,860	Low reliability
			49,000	Unregulated
		TLM ³	9,589	High reliability
			101,850	Low reliability
			34,300	Unregulated
	Environmental Entitlement (River Murray – NVIRP Stage 1) 2012	VEWH	1,207 ⁴	High reliability
	River Murray – Mitigation Water Environmental Entitlement 2023	VEWH	1,276	High reliability
			486	Low reliability
Water shares	TLM	12,267	High reliability	
Goulburn	Environmental Entitlement (Goulburn System – Living Murray) 2007	TLM	39,625	High reliability
			156,980	Low reliability
	Environmental Entitlement (Goulburn System – NVIRP Stage 1) 2012	VEWH	1,891 ⁴	High reliability
	Goulburn River Environmental Entitlement 2010	VEWH	24,992	High reliability
			5,792	Low reliability
	Goulburn System – Mitigation Water Environmental Entitlement 2023	VEWH	1,506	High reliability
			748	Low reliability
Silver and Wallaby Creeks Environmental Entitlement 2006	VEWH	n/a	Passing flows	
Water shares	TLM	5,559	High reliability	
Broken	Water shares	VEWH	90	High reliability
			19	Low reliability
Campaspe	Campaspe River Environmental Entitlement 2013	VEWH	20,855	High reliability
			4,394	Low reliability
	Environmental Entitlement (Campaspe River – Living Murray Initiative) 2007	TLM	126	High reliability
			5,048	Low reliability
Loddon	Bulk Entitlement (Loddon River – Environmental Reserve) Order 2005	VEWH	11,798	High reliability
			2,024	Low reliability
	Environmental Entitlement (Birch Creek – Bullarook System) 2009	VEWH	100	Provisional
	Goulburn River Environmental Entitlement 2010	VEWH	1,434	High reliability

³ TLM – the Living Murray program.

⁴ This entitlement volume is the mitigation water savings from GMW Connections Project Stage 1, as verified in the 2022-23 audit.

2 Planned programs and outputs

The VEWH has developed a program of outputs to work towards each of our three outcomes (Our Environment, Our Communities, Our Culture) and implementation of our 10-year strategy. We have also identified indicators and measures to report on how the VEWH is tracking in achieving these outcomes. These outputs are summarised in Table 3.

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

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
<p>Our Environment: Victoria's environmental water holdings are managed effectively and efficiently to optimise environmental outcomes for enduring benefit.</p>	<p>Planning Seasonal watering plan is evolving to incorporate new scientific knowledge, Aboriginal values and knowledge, input from other stakeholders and adaptations to climate change, and strategic projects are progressed to improve future watering effectiveness.</p>	<p>Planning Seasonal watering plan published by 30 June and annually report on:</p> <ul style="list-style-type: none"> - the number of potential watering actions presented in the plan - specific watering actions that consider Traditional Owner cultural values and uses of waterways - specific watering actions that consider social and recreational values and uses of waterways - systems and sites where watering actions have been updated based on new environmental flow studies or technical investigations <p>Improved environmental watering knowledge and outcomes through:</p> <ul style="list-style-type: none"> - funding and/ or influencing environmental flow monitoring and research - contributions to government policy - supporting complementary works and measures that improve environmental flow outcomes. 	<p>Planning Seasonal watering plan and inter-jurisdictional watering proposals developed in collaboration with our program partners. Monitoring and research influenced to fill knowledge gaps, demonstrate outcomes and manage risks, results incorporated into planning decisions and shared with program partners, Traditional Owners and community. Effective input to and implementation of government policy. Priority complementary projects identified and supported to improve environmental watering outcomes. Potential impact of climate change on Victoria's environmental water holdings assessed and potential actions to address those impacts identified.</p>	<p>1.8 Monitoring (Structure) 4.6 Plan (Strategy) 4.7 Publication (Written)</p>

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
	<p>Delivery</p> <p>Water holdings are used, carried over and traded as appropriate for seasonal conditions to reduce the gap between the required water regime and actual water regime at priority waterways.</p>	<p>Delivery</p> <p>Percentage of priority watering actions achieved supported by:</p> <ul style="list-style-type: none"> - an assessment of the contribution of environmental water - trend analysis of achieved watering actions over time - summary of water availability and water use, trade and carryover activity undertaken to achieve priority watering actions and optimise outcomes for enduring benefit. 	<p>Delivery</p> <p>Water use authorised and program partners supported to deliver it in accordance with seasonal watering plan.</p> <p>Carryover and trade strategies developed and implemented.</p> <p>Water accounting undertaken to measure, track, report and pay for water use.</p>	<p>3.3 Water</p> <p>4.1 Approval and advice (Notice)</p> <p>4.6 Plan (Strategy)</p> <p>4.6 Plan (Management)</p>
<p>Our Communities:</p> <p>Engagement, understanding and contribution of program partners, Traditional Owners, stakeholders and communities in the environmental watering program is strengthened.</p>	<p>Traditional Owner participation and self-determination in water for the environment planning and management is increased.</p>	<p>Percentage of watering actions that consider Traditional Owner cultural values and uses of waterways reflects self-determination.</p> <p>Number of watering, planning and management activities that Traditional Owner groups were enabled to be involved in annually supported by:</p> <ul style="list-style-type: none"> - examples to demonstrate progression of Traditional Owner self-determination in the environmental watering program. <p>Tailored guidelines for Traditional Owner-led seasonal watering proposals developed.</p>	<p>Traditional Owner self-determined participation in local/regional water planning, delivery and monitoring supported.</p> <p>Opportunities provided for Traditional Owner participation in strategic projects.</p> <p>Trials for Traditional Owner-led seasonal watering proposals progressed.</p> <p>Traditional Owner peak bodies and Nations engaged on VEWH role and operations.</p>	<p>4.4 Engagement event</p> <p>4.5 Partnership</p> <p>4.6 Plan (Strategy)</p>

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
	Community and stakeholder understanding of and contribution to the watering program is increased.	<p>Percentage of Communication and Engagement Strategy actions implemented:</p> <ul style="list-style-type: none"> - seasonal watering plan and water allocation trading strategy publicly available 30 June - watering activities published on the VEWH website quarterly - examples to illustrate water for the environment activities and achievements. 	<p>Communication and Engagement Strategy 2023-2026 implemented.</p> <p>Communication of environmental watering outcomes shared with stakeholders and communities.</p> <p>Collaboration with program partners builds opportunities for Traditional Owners, communities and stakeholders to understand and participate in the watering program.</p> <p>Timely, relevant and publicly available communication of environmental water planning, delivery and associated environmental outcomes and shared benefits undertaken through VEWH communication tools and publications (Reflections, newsletter, website), and direct engagement including forums.</p> <p>Biennial VEWH stakeholder forum.</p>	<p>1.8 Monitoring</p> <p>4.4 Engagement event</p> <p>4.5 Partnership</p> <p>4.7 Publication</p>
	Program partnerships for coordinated communication and delivery of the environmental watering program are strengthened.	<p>Quantitative or qualitative collation of program partner perspectives.</p> <p>Improve consideration of how water for the environment provides for social and recreational benefits.</p>	<p>Assess program partners' perspectives on shared projects and operations.</p> <p>Environmental watering partnerships supported and maintained through facilitation of or participation in operational advisory groups, watering coordination and communications and engagement committees and direct engagement with program partners and groups as appropriate.</p> <p>Engagement with peak social and recreational representative groups on how healthy waterways are valued by communities.</p>	<p>4.4 Engagement event</p> <p>4.5 Partnership</p>

Program / outcome	Outcome indicator	Outcome measures	Outputs	Output type*
<p>Our Culture: The VEWH is a highly capable, well-governed organisation that demonstrates a culture of collaboration, integrity, commitment and initiative.</p>	The VEWH workforce is diverse, engaged and supported to safely deliver the VEWH's work program.	Results of annual People Matter survey maintained or improved.	<p>People Strategy implementation.</p> <p>Internal work planning and prioritisation processes effectively undertaken.</p> <p>Policies and procedures regarding recruitment, diversity and inclusion, flexible work arrangements implemented.</p>	4.6 Plan (Strategy)
	VEWH finances are managed effectively.	Variance of actual expenditure to budgeted expenditure is within 10 per cent (excluding trade revenue/ expenditure and water delivery costs).	Financial performance planned, managed and reported on.	4.7 Publication (Written)
	Governance requirements are complied with.	<i>Water Act 1989</i> , Financial Management Compliance Framework, Ministerial rules and Water Holdings obligations fulfilled on time – 100 per cent compliance.	<p>Statutory documents prepared within required timeframes.</p> <p>Organisational policies and procedures developed and maintained.</p> <p>The Commission and Risk and Audit Committee supported.</p>	4.6 Plan
	Risks are effectively managed to ensure VEWH objectives are achieved.	<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>Corporate risk management processes and strategy implemented.</p> <p>Victorian Environmental Watering Program Risk Management Framework implemented, including annual operational risk workshops with program partners.</p>	4.5 Partnership

* From DEECA output data standard, version 3, March 2021.

3 Future challenges and opportunities

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

This corporate plan identifies the strategic risks and opportunities which could affect the VEWH's ability to meet our short-medium term program outcomes. The VEWH manages these risks, and aims to capitalise on the opportunities, through a comprehensive risk management framework.

The VEWH's internal risk management includes:

- a risk appetite statement and strategic risk heat map
- a risk management business rule
- strategic and operational risk registers with mitigating actions identified and implemented
- an internal incident management system
- a Risk and Audit Committee, with two external members (including the Chair).

Further to this, and in recognising that shared responsibilities in the environmental watering program also result in shared risks, in 2014 the VEWH worked with its program partners to develop the Victorian Environmental Watering Program Risk Management Framework. This framework articulates how program partners will work together to manage shared risks (as required by the Victorian Government Risk Management Framework) associated with the use of environmental water in Victoria. Implementation includes documentation of system-based operating arrangements, annual risk workshops with program partners, agreed responsibilities for mitigating actions, and established incident reporting processes. The framework was last updated in 2021.

3.1 Challenges and risks

The strategic risks which may impact the VEWH's ability to achieve its stated program outcomes are summarised in Table 4, together with the key mitigating actions (i.e. controls and treatments) which aim to bring these risks to within the VEWH's risk appetite.

Table 4: VEWH strategic risks and key mitigating actions

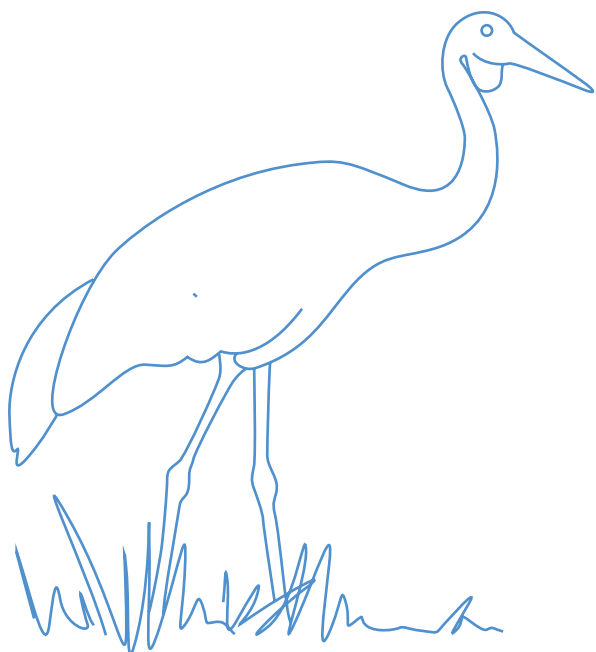
Strategic risks	Key mitigating actions
<p>Inability to achieve or demonstrate environmental outcomes of the environmental watering program over the long-term.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • natural events, such as fire, drought and floods • climate change resulting in more extreme events and a long-term drying trend • land use change resulting in lower stream inflows • the movement of water allocation and entitlements via trade • complexity and time lags between environmental water and ecological response • inadequate operational and ecological monitoring and research to assess environmental watering requirements and outcomes from environmental watering • differing visions of success for environmental watering objectives. 	<p>Use a scenario-based, seasonally adaptive approach in seasonal water planning to optimise environmental outcomes under different conditions.</p> <p>Implement priority actions specified in the 10-year strategy.</p> <p>When possible, fund and/or influence metering, monitoring, research programs and citizen science to better assess environmental outcomes and key knowledge gaps.</p> <p>Share knowledge outcomes of monitoring and research with program partners and stakeholders.</p> <p>Participate in relevant science technical forums and project steering committees for monitoring programs and environmental flow studies.</p> <p>Work with DEECA, waterway managers, MDBA and CEWH to communicate likely timeframes and magnitude of expected environmental responses given current conditions, system constraints and non-flow related confounding factors and communicate the effort required to achieve, detect and demonstrate those changes.</p> <p>Work with storage managers to maximise environmental watering outcomes and to contribute to the optimisation of multiple benefits from the delivery of water.</p> <p>Contribute to relevant policy development.</p> <p>Coordinate and plan water delivery with program partners and stakeholders.</p>
<p>Unintended major third-party impacts from environmental watering.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • lack of real time information during a watering event that would allow action to be modified if necessary • unexpected event (e.g. flood, fire, blue green algae bloom) immediately before, during or after an environmental watering action • insufficient resourcing of program partner organisations to undertake all necessary controls. 	<p>Application of the Victorian Environmental Watering Program Risk Management Framework across VEWH activities.</p> <p>Work with waterway managers to undertake thorough planning and adaptive management procedures during development of the seasonal watering plan and delivery plans to ensure watering actions are feasible and can be delivered with no major risk to people and property.</p> <p>Deeds of agreement in place with landowners that may be affected by planned watering actions.</p> <p>Facilitate incident reporting and response throughout the year and ensure that actions are undertaken by VEWH or program partners as required to minimise impact if incident occurs and to apply relevant lessons learned to future events.</p>

Strategic risks	Key mitigating actions
<p>Unintended adverse environmental impacts from environmental watering.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • complex interactions between environmental water and natural conditions mean that actions to achieve one environmental objective may adversely affect other objectives • unknown consequences associated with new watering actions • incomplete information about antecedent conditions and hydrological forecasts before an environmental watering action is delivered • unexpected event (e.g. flood, fire, blue green algae bloom) immediately before, during or after an environmental watering action • lack of real time information during a watering event that would allow action to be modified if necessary. 	<p>Application of the Victorian Environmental Watering Program Risk Management Framework across VEWH activities.</p> <p>Work with waterway managers to undertake thorough planning and adaptive management procedures during development of the seasonal watering plan and delivery plans to ensure watering actions are based on best available environmental and cultural heritage knowledge.</p> <p>Apply critical actions in operating arrangements such as:</p> <ul style="list-style-type: none"> • liaise with delivery program partners leading up to and during planned watering events to assess hydrological and weather forecasts and real time conditions and adjust or abort action if necessary • where possible, improve knowledge through risk-based or event-based monitoring and apply learnings from one system to other systems for adaptive management • facilitate incident reporting and response throughout the year and ensure that actions are undertaken by VEWH or program partners as required.
<p>Some communities and stakeholders do not support the Victorian environmental watering program.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • community hardship due to flood, drought or climate change impacts on streamflow • water scarcity and changing demands for water, including through water recovery through the Murray-Darling Basin Plan • inability to effectively communicate the benefits of watering program in a timely manner. 	<p>Strategic communication and engagement strategy, supported by fit-for-purpose key messages about the environmental watering program, informed by findings from social research into Victorians' knowledge, attitudes and perceptions of environmental water.</p> <p>Support coordinated communications and engagement activities across the environmental watering program with program partners.</p> <p>Support waterway managers to undertake engagement with their communities as required and to communicate planned actions and their objectives.</p>
<p>Insufficient capability and capacity within the VEWH or our program partners to deliver the environmental watering program.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • loss of corporate knowledge because of staff turnover • reduced resources for the VEWH and/or its program partners. 	<p>Annual work plan in place to ensure adequate resources are available for each task and the right mix between strategic and operational activities.</p> <p>Annual review of the corporate plan and core business outputs and initiatives.</p> <p>Risk Management Framework effectively planned and implemented.</p> <p>People Strategy implementation.</p>
<p>Disruption to digital information and security and/or exposure to fraud.</p> <p>This risk may be exacerbated by:</p> <ul style="list-style-type: none"> • digital disruption to VEWH's information management systems or shared services arrangements with DEECA or other program partners • legacy systems vulnerable to attack • integrity of information compromised by staff and/or external parties • fraud and corruption. 	<p>Business Continuity Plan in place.</p> <p>Compliance with DEECA ICT policies, standards and procedures.</p> <p>Annual Victorian Auditor-General's Office audit of financial systems.</p> <p>Compliance with VEWH business rules – Fraud & Corruption and Gifts, Benefits and Hospitality.</p> <p>Private interest declarations by Commissioners, Committee members and staff with financial delegations.</p>

3.2 Opportunities

There are a range of opportunities and priorities identified in the VEWH *10-Year Strategy 2023 to 2033* that will provide for continuous improvement in the watering program:

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



4 Estimates of revenue and expenditure

Over the next four years, the VEWH forecasts revenue from Victorian Government funding, Commonwealth Government funding, interest, and commercial trade. The revenue will be used to deliver the three VEWH programs.

The VEWH is largely funded through the Environmental Contribution funding and assumes an allocation of \$30 million over the four-year Tranche 6 period commencing in 2024-25 with the requirement to provide savings of \$2.5 million to the Victorian Government over this period. This has been reflected through reduced revenue in the operating statement.

As a result of these savings the VEWH's business planning has adopted a focus on efficiencies and expenditure restraint, with business activities being adjusted accordingly. The expenditure restraint and adjustments will not impact the VEWH's ability to meet statutory and policy obligations, however some activities may not be able to occur, for example supplementing statewide monitoring programs with short-term monitoring projects that contribute to demonstrating watering outcomes and mitigation of strategic risks (see section 3.1).

From 2024-25 the VEWH will incur additional fixed water storage costs due to an entitlement in the Latrobe system transferring to the VEWH and existing storage costs are forecast to continue increasing.

The VEWH will utilise trade revenue to resource some business costs, implementation of existing and new policy obligations and related strategic priorities, including contributing to *Water is Life* implementation. The VEWH has forecast future trade revenue, however the timing and value is uncertain (see section 4.5.5).

The corporate plan may be varied if there is an increase or decrease in revenue of more than 10 per cent of the forecast for this 12-month period.

4.1 Programs budget

Table 5: Programs budget 2024-25

	Income (\$'000)						Expenditure (\$'000)	Carry forward (\$'000)
	a	b	c	d	e = a+b+c+d	f	g = e-f	
Program	Investor Program Reference ¹	Carry forward from 2023-24	Victorian Government funding	Commonwealth Government funding	Other funding	PROGRAM TOTAL	PROGRAM TOTAL ²	Carry forward to 2025-26
Our Environment	S1, S2, S3, C1, C2, O1	4,697	5,046	2,544	925	13,212	9,135	4,077
Our Communities	S1	0	945	0	0	945	945	0
Our Culture	S1, O2	0	1,277	0	230	1,507	1,507	0
Totals		4,697	7,268	2,544	1,155	15,664	11,587	4,077

1. A description of each Investor Program Reference is included in Table 6.

2. Staff costing has been split across the three programs.

4.2 Income assumptions

Table 6: Income assumptions (Investor Programs) for the forthcoming financial year

Investor Program Reference	Source of funding	Investor Program title	Project / Activity	Amount (\$'000)
Victorian Government				
S1	Department of Energy, Environment and Climate Action	VEWH – Environmental Water Management and Delivery – 2024-25 to 2027-28	Our Environment; Our Community; Our Culture	6,866
S2	Department of Energy, Environment and Climate Action	Murray-Darling Basin Plan (MDBP) implementation	Our Environment	250
S3	Department of Energy, Environment and Climate Action	Enhanced Environmental Water Delivery Project	Our Environment	152
			Sub-total	7,268
Commonwealth Government				
C1	Murray-Darling Basin Authority	Living Murray program	Our Environment	2,141
C2	Commonwealth Environmental Water Holder	Commonwealth environmental water management	Our Environment	403
			Sub-total	2,544
Other				
O1	Commercial trade revenue	Water trading	Our Environment	925
O2	Westpac	Interest revenue	Our Culture	230
			Sub-total	1,155
			Total	10,967

4.3 Operating statement

Table 7: Operating Statement

\$'000 Year Ended 30 June	Budget Base year 2023-24	Forecast ¹ Base year 2023-24	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Year 4 2027-28
Revenue						
Victorian Government contributions/ grants ²	7,555	7,555	6,866	6,866	6,866	6,866
MDBP implementation funding (DEECA) ³	250	250	250	250	250	250
Commonwealth Government contributions/grants ⁴						
- Living Murray	2,034	1,917	2,141	2,230	2,333	2,390
- Commonwealth Environmental Water Holder	403	569	403	414	425	435
Other contributions	87	0	152	0	0	0
Interest ⁵	144	248	230	190	142	100
Commercial trades ⁶	0	900	925	925	925	925
Total revenue	10,473	11,439	10,967	10,875	10,941	10,966
Expenditure						
Employee expenses ⁷	3,350	2,982	2,961	3,021	3,081	3,143
Environmental Water Holdings and Transactions	7,201	6,946	7,301	7,616	7,890	8,124
Water storage and delivery						
- VEWH ⁸	4,738	4,438	4,734	4,948	5,107	5,274
- Living Murray ⁹	2,034	1,917	2,141	2,230	2,333	2,390
- Commonwealth Environmental Water Holder ¹⁰	403	569	403	414	425	435
Water purchases ¹¹	26	22	23	24	25	25
Outcomes reporting, risk & adaptive management, engagement¹²	409	152	163	166	170	173
- Grants to Catchment Management Authorities	320	25	30	30	30	30
- Victorian Government monitoring and metering partnerships	89	127	133	136	140	143
Other Operating Expenses	1,777	1,879	1,162	974	954	994
- Transfer to DEECA - trade revenue projects ¹³	0	225	0	0	0	0
- Other ¹⁴	1,777	1,654	1,162	974	954	994
Total expenditure	12,737	11,959	11,587	11,777	12,095	12,434
Operating surplus/ (deficit)	(2,264)	(520)	(620)	(902)	(1,154)	(1,468)

1. As at 31 March 2024.
2. Funding from the Environmental Contribution.
3. Funding for the Murray–Darling Basin Plan implementation received via DEECA has not yet been confirmed.
4. The budget revenue from the Living Murray program and Commonwealth Environmental Water Holder are for entitlement charges and water delivery costs associated with delivery of their water holdings. The 2024-25 budget is based on the continuation of arrangements and fees in 2023-24, updated with forecast water volumes.
5. Estimated interest earned is based on forecast cash balances and the Centralised Banking System interest rate from the most recent change effective from 8 November 2023.
6. As at 31 March 2024, a sale of allocation water was being undertaken and the leasing of temporary carryover space planned. A forecast has been provided for 2023-24, however there are a number of possible outcomes due to varying prices and total volume to be traded. The final volume traded and total revenue received will be reported in the VEWH 2023-24 Annual Report. Commercial trade revenue over the four-year budget forecast is likely, however the timing and value is uncertain. To reflect the uncertainty and to avoid unwarranted signals to other market participants, revenue from future trades has been apportioned equally in the operating statement across the four-year budget, and does not indicate the level of activity in any specific year. Refer to section 4.5.5 for further information.
7. Employee expenses are indexed at a lower rate than the Victorian wage price index to support efficient operations and expenditure restraint.
8. Includes VEWH entitlement charges and grants to catchment management authorities and water corporations for water delivery and management costs, with the addition of new water storage costs associated with an entitlement in the Latrobe system expected to transfer to the VEWH.
9. Expenditure is balanced by recoup of revenue from the Living Murray program. See footnote 4 above.
10. Expenditure is balanced by recoup of revenue from the Commonwealth Environmental Water Holder. See footnote 4 above.
11. Water purchases are dependent on weather conditions, water availability and environmental needs during the year. Due to past significant variability and the inability to reliably forecast weather conditions and water availability in the forward years, only one expected potential purchase in the Maribyrnong system has been included. Refer to section 4.5.5 for further information.
12. Payments are for monitoring, metering and technical projects and engagement activities around environmental water.
13. Transfer of trade revenue to DEECA for complementary works and measures projects.
14. Includes expenditure for some technical projects and office operational costs.

4.4 Balance sheet

Table 8: Balance sheet

\$'000 Year Ended 30 June	Budget Base Year 2023-24	Forecast Base Year 2023-24	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27	Year 4 2027-28
Current assets						
Cash and cash equivalents	2,467	4,697	4,077	3,175	2,021	553
Receivables	753	773	851	936	1,029	1,132
Total assets	3,220	5,470	4,928	4,111	3,050	1,685
Current liabilities						
Payables	0	0	0	0	0	0
Leave provisions	648	647	712	783	861	947
Non-current liabilities						
Long service leave provision	105	126	139	153	168	185
Total liabilities	753	773	851	936	1,029	1,132
Net assets	2,467	4,697	4,077	3,175	2,021	553
Equity						
Accumulated surplus (deficit)	2,467	4,697	4,077	3,175	2,021	553
Total equity	2,467	4,697	4,077	3,175	2,021	553

4.5 Notes

4.5.1 Water Holdings

The charges paid for the storage and delivery of environmental water are determined by government policy and water corporation planning and tariff strategy processes. As environmental water services are not a prescribed service in the *Water Industry Regulatory Order 2014*, the independent Essential Services Commission does not regulate environmental water service pricing. The financial projections for these charges over the period of the corporate plan assume a continuation of the arrangements in place in 2023-24, plus Consumer Price Index (CPI). Any significant pricing changes due to water corporation fee schedule or policy changes will require a variation to this corporate plan.

4.5.2 Revenue

As noted above, the VEWH is largely funded through Environmental Contribution Tranche 6 funding. The next funding arrangement spans from 2024-25 to 2027-28.

The VEWH receives interest revenue from cash investments and can also receive revenue from commercial trades (see 'Water trade' below).

4.5.3 Inter-annual seasonal variability

Seasonal conditions, such as temperature, rainfall and inflows, influence environmental water supply and demand.

The supply of environmental water includes the amount of water allocated to environmental water entitlements, but also considers the amount and timing of unregulated flows that occur naturally in rivers and wetlands and other flows in the system. The demand for environmental water is determined by the environmental objectives, which vary under different seasonal conditions; for example, less water is likely to be required under drought conditions as the objective in drought years is to protect refuges for plant and animal populations, while in average and wet years, more water is required to maximise recruitment, migration and connectivity. In flood years, environmental water deliveries may be lower as many demands may be met naturally, or it may not be possible to deliver water without exacerbating flooding impacts on private property.

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

4.5.4 Carry forward

The VEWH has a Trust Account, which provides the ability to carry forward unexpended revenue. This is critical in order for the VEWH to manage inter-annual seasonal variability, and the associated volatility and unpredictability in the management costs of the Water Holdings. It is important that the VEWH can carry forward to ensure sufficient funding to provide for conditions which are above or below average conditions. For example, in a wet or average water availability year, carryover and delivery (irrigation channel access and pumping) charges may be above what they would be in dry conditions. In a drought year, a reduced volume of environmental water will be stored and delivered, so costs may be reduced. However, a greater proportion of water may be required to be pumped due to low river levels, so pumping costs may be higher.

4.5.5 Water trade

The VEWH has the statutory right to trade water entitlements and allocations. The trade of allocation water, also known as temporary water, is a variable and unreliable revenue source as it is dependent on the seasonal conditions, availability and environmental water demands at a point in time. Trade of allocation water is used to address inter-annual seasonal variability. Another form of commercial trade available to the VEWH is leasing temporary carryover space. Trade revenue is not a predictable source of revenue and therefore should not be relied on to support core operations.

Commercial trade is likely sometime over the four-year budget forecast, however the timing and value is uncertain. To reflect the uncertainty and to avoid unwarranted signal to other market participants, revenue from future trades has been apportioned equally in the operating statement across the four-year budget, and does not indicate the level of activity in any specific year.

Other trades may occur, however the variability of seasonal conditions, water availability and market rates mean the value cannot be reliably estimated.

Table 9 outlines historical water trade data up to 2023-24. The table illustrates the variability in volume and value that is due to seasonal conditions, price and environmental water needs. Providing unreliable and uncommitted estimates could give an unwarranted signal to other market participants. As at 31 March 2024, a sale of allocation water was being undertaken. A forecast has been provided for 2023-24, however there are a number of possible final outcomes due to varying prices and total volume to be sold.

Table 9: Historical water trade from the past six years

Year Ended 30 June	Actual 2018-19	Actual 2019-20	Actual 2020-21	Actual 2021-22	Actual 2022-23	Forecast 2023-24*
Sale of allocation water						
Total sale value (\$'000)	4,862	0	0	692	655	600
Total sale volume (ML)	10,000	0	0	12,000	45,000	Up to 47,000
Water purchases						
Total purchase value (\$'000)	321	0	0	24	42	22
Total purchase volume (ML)	1,300	0	0	315	922	262

* As at 31 March 2024. The sale value forecast is based on one possible scenario of an average per ML price. The sale volume is the maximum amount available for sale. The sale value excludes the leasing of temporary carryover space.

When a decision on a commercial trade is made, consideration is given to how the net revenue can be invested to optimise environmental outcomes for enduring benefits. Funds from previous commercial trades are held within the carry forward balance to invest in future water purchases to address high-priority water shortfalls, strategic activities, knowledge, research, business costs and complementary works and measures or other priorities to improve management of the holdings and performance of Victoria's environmental watering program.

Any investment in knowledge, research or complementary works and measures, will be done in collaboration with DEECA to ensure complementarity and efficiencies between the programs of the two organisations. Opportunities for co-investment in projects will be explored.

4.5.6 Delivery of water for other water holders

The Living Murray program is an interstate initiative aimed at improving the health of the Murray River. The MDBA coordinates the Living Murray program and will continue to pay costs associated with managing the entitlements and delivering the water. As the Victorian portion of the Living Murray shares are held in the VEWH's allocation bank accounts, these charges will be paid by the VEWH and the costs recouped in full from the MDBA.

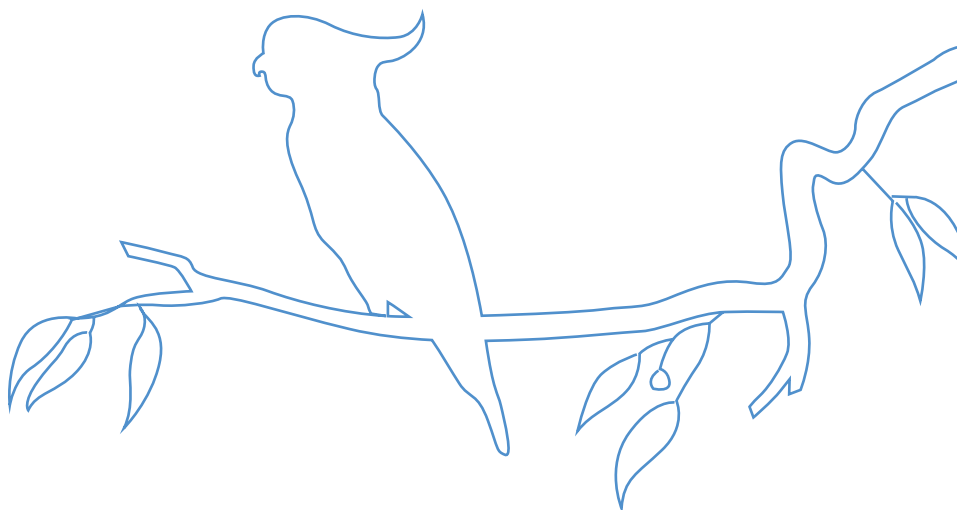
CEWH also transfers water to the VEWH's allocation bank accounts for delivery. Some of the costs associated with Commonwealth Water Holdings, such as headworks charges, are paid directly by CEWH to Goulburn-Murray Water (GMW). However, associated delivery-based charges are paid by the VEWH and recouped in full from CEWH where appropriate.

4.5.7 Assets and liabilities

The VEWH does not own any physical assets, such as water delivery infrastructure, or office equipment (which is sourced from DEECA).

When created, the VEWH was gifted environmental water entitlements by the Victorian Government. The Minister for Water issued environmental water entitlements under section 48B of the *Water Act 1989*, and maintains oversight over the entitlement framework and transactions. The VEWH has not recognised its entitlements as intangible assets due to the recognition and measurement criteria in the accounting standards and financial reporting directions.

VEWH's liabilities relate to current and non-current staff leave provisions.



vewh.vic.gov.au

VICTORIAN ENVIRONMENTAL
WATER HOLDER

T: (03) 9637 8951

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

PO Box 500, East Melbourne VIC 8002

8 Nicholson Street, East Melbourne VIC 3002

