

VICTORIAN ENVIRONMENTAL
WATER HOLDER

Annual Report 2012-13

Our mission

Manage Victoria's environmental Water Holdings, in cooperation with partners, to improve the environmental health of rivers, wetlands and floodplains.

Our values

Collaboration. Integrity.
Commitment. Initiative.



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SECTION ONE

Chairperson and Executive Officer report

2012-13 was the second year of operation for the Victorian Environmental Water Holder (VEWH). This means that the organisation has now directly experienced the full planning, management and reporting cycle associated with its niche in the field of environmental water management. During the 12 months to 30 June 2013, the VEWH Commission approved 60 seasonal watering statements that authorised priority watering actions for implementation across Victoria. It held 10 Commission meetings and undertook two regional tours of catchment systems.

This annual report provides information about the VEWH and the 2012-13 water and financial year. It reports on performance against the *Corporate Plan 2012-13 to 2015-16* and provides information and disclosures about the VEWH's compliance with statutory and corporate responsibilities. It also provides a brief analysis of priority watering actions and management of the Water Holdings aimed at improving the health and resilience of valued rivers, wetlands and floodplains. More information on this can be found in *Reflections 2012-13*, the VEWH's annual watering booklet.

During 2012-13, the VEWH worked hard to consolidate and improve the effectiveness of working relationships with partners and key stakeholders. Effective working relationships with catchment management authorities and Melbourne Water (waterway managers), as well as with the Commonwealth Environmental Water Office and the Murray-Darling Basin Authority, were pivotal to VEWH being able to effectively play its role and to help facilitate the best outcomes for the environment. A stakeholder information forum was also initiated to facilitate valuable information sharing with organisations with a Statewide interest in Victoria's environmental watering program.

The year-end provides an opportunity to reflect on what we have learned about environmental water management in 2012-13, and take on board the experiences of others. Moving forward, the VEWH will continue to strive to display its corporate values and behaviours and to work with its partners to improve the health of Victoria's rivers, wetlands and floodplains.

In accordance with the *Financial Management Act 1994*, we are pleased to present the VEWH's Annual Report for the year ending 30 June 2013.

Denis Flett



Chairperson
Victorian Environmental Water Holder

30 September 2013

Elizabeth Ashworth



Executive Officer
Victorian Environmental Water Holder

30 September 2013

Governance

2.1 Organisational overview

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 entitlements (the 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 communities value most.

Mission and values

The mission of the VEWH is to:

Manage Victoria's environmental Water Holdings, in cooperation with partners, to improve the environmental health of rivers, wetlands and floodplains.

In undertaking its mission, the VEWH:

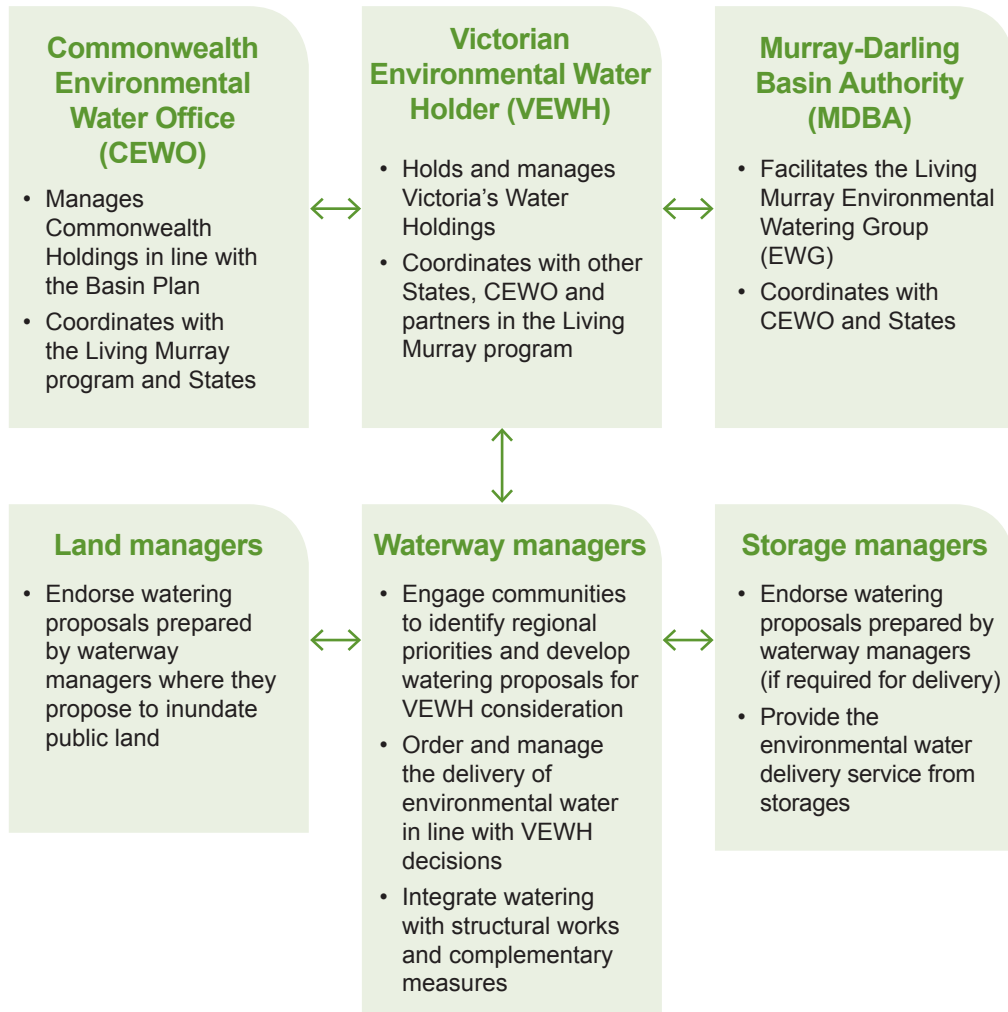
- makes decisions on the most effective use of the Water Holdings, including use, trade and carryover
- liaises with other water holders to ensure coordinated use of all sources of environmental water
- authorises waterway managers to implement watering decisions
- commissions targeted projects to demonstrate ecological outcomes of environmental watering at key sites
- publicly communicates environmental watering decisions and outcomes.

SECTION TWO

Relationships

Waterway managers play the key role of engaging with storage managers, land managers, local landholders and communities in the development and implementation of the environmental watering program. The VEWH works closely with waterway managers and other water holders, such as Commonwealth Environmental Water Office, the Murray-Darling Basin Authority and other partners in the Living Murray program, to negotiate use of their water in Victorian rivers, wetlands and floodplains. These partnerships are outlined in Figure 2.1.

Figure 2.1 Key partnerships and responsibilities



2.2 Commissioners and office

The VEWH is comprised of three part-time Commissioners:

- Denis Flett** (*Chairperson*)
 Denis has extensive experience in the Australian water sector, in water engineering, management, leadership, governance and consulting. The foundation chief executive of Goulburn-Murray Water and a Victorian Commissioner on the former Murray-Darling Basin Commission, he is currently Deputy Chairperson of North East Water. Denis has significant knowledge of Victorian river systems, particularly in northern Victoria.
- Geoff Hocking** (*Deputy Chairperson*)
 Geoff has a strong management background in natural resources, public administration, community and organisational development. He is currently a Director of the Gippsland Ports Board and a member of the Gunai-Kurnai Traditional Owner Land Management Board. He was previously Chief Executive Officer of the West Gippsland Catchment Management Authority, through which he developed significant knowledge of river systems in southern Victoria. Geoff has held senior managerial positions at Gippsland Water, Latrobe Shire Council and the Australian Securities Commission.
- Ian Penrose** (*Commissioner*)
 Ian has over 30 years' experience in the water, natural gas and coal mining industries, with particular skills in sustainable water management, economics and corporate affairs. Ian currently leads the Yarra Riverkeeper Association, in the role of Riverkeeper. He is a former Director of Water Savings, and Director of the Snowy Project, with the former Department of Sustainability and Environment. He has significant knowledge of environmental flow issues, particularly in regards to the Yarra and Snowy rivers.



L-R: Geoff Hocking, Denis Flett and Ian Penrose

The Commissioners are supported by a small number of office staff comprised of:

- one Executive Officer
- supporting project officers including technical, communications and engagement and administrative support roles.

SECTION TWO

2.3 Governance arrangements

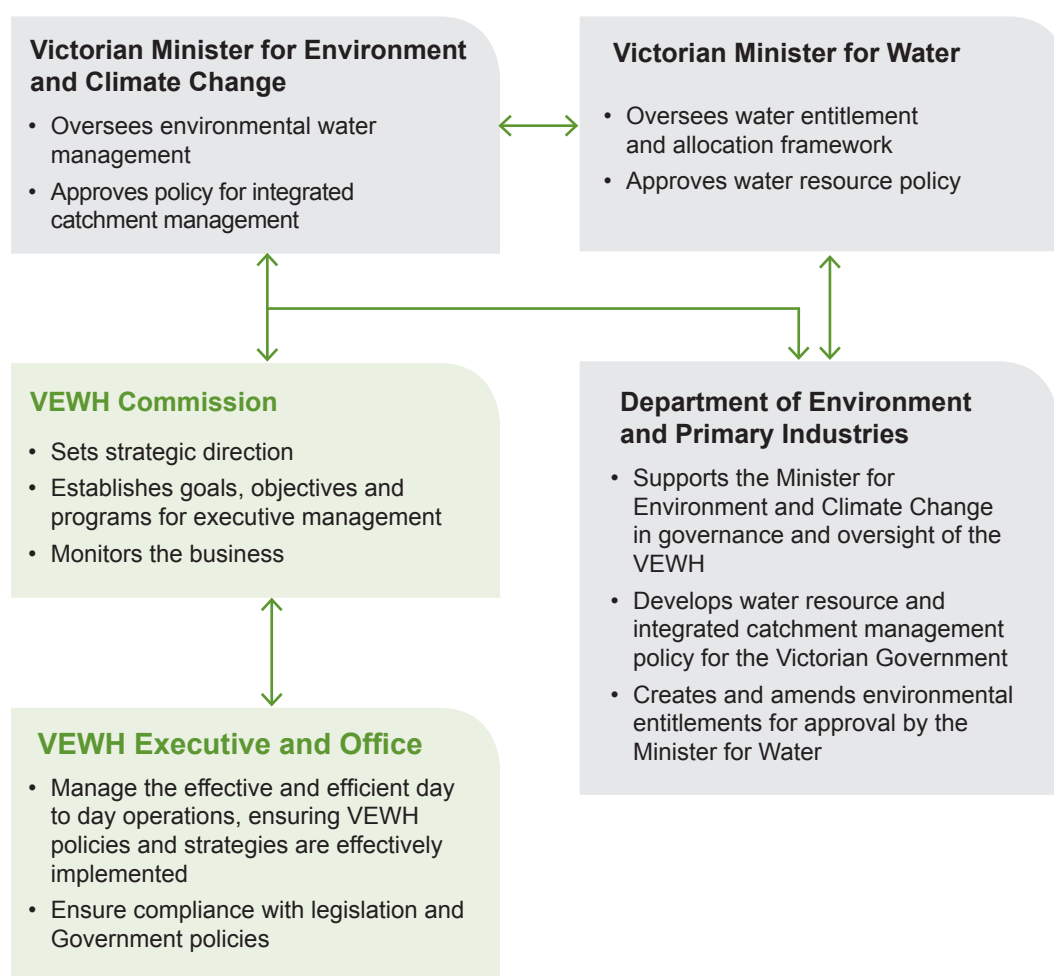
The three Commissioners were appointed by Governor in Council, upon recommendation of the Minister for Environment and Climate Change. Under the Water Act, Commissioners must have knowledge or experience in one or more of the following fields – environmental management, sustainable water management,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

The Chairperson also has an executive role, and together with the Executive Officer, performs the VEWH Executive functions. The Executive 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 the VEWH complies with legislation and Government policies.

The VEWH reports directly to the Minister for Environment and Climate Change. The Department of Environment and Primary Industries (the Department; formerly the Department of Sustainability and Environment) has a role in governance oversight of the VEWH, advising the Minister for Environment and Climate Change on its performance. The Department also has a role supporting the Minister for Water in creating and amending water entitlements (see Figure 2.2).

Under section 33DS of the Water Act, the Minister for Environment and Climate Change 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 2012-13.

Figure 2.2 Governance structure



Powers listed under the Water Act

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

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

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

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

Furthermore, section 33DE of the Water Act states the VEWH has the power to do all things necessary or convenient to be done for, in connection with, or incidental to, the performance of its functions, powers and obligations.

SECTION TWO

Risk management

In line with the *Victorian Government Risk Management Framework* issued by the Department of Treasury and Finance, the VEWH implements appropriate strategies and practices to ensure strategic and operational risks are identified, assessed and mitigated as appropriate. Key strategic risks have been identified, reviewed and updated in the VEWH Corporate Plan 2013-14 to 2016-17 and operational risks have been identified in the Seasonal Watering Plan 2013-14. These documents are available by visiting www.vewh.vic.gov.au or contacting the VEWH office at general.enquiries@vewh.vic.gov.au.

I, Denis Flett, certify that the Victorian Environmental Water Holder has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard and an internal control system is in place that enables the Executive to understand, manage and satisfactorily control risk exposures.

I, as the Victorian Environmental Water Holder Chairperson, verify that this assurance and the risk profile of the Victorian Environmental Water Holder has been critically reviewed within the last 12 months.

I, as the Victorian Environmental Water Holder Chairperson, certify that the Victorian Environmental Water Holder has complied with Ministerial Direction 4.5.5.1 – Insurance.

Denis Flett



Chairperson
Victorian Environmental Water Holder

30 September 2013

Overview of 2012-13

3.1 Year in review

Seasonal conditions

Winter 2012 saw most regions of Victoria record close to their long-term average winter rainfall. Overall, spring was much drier than usual and summer was warmer than usual with below average rainfall. Autumn featured a heatwave early in March, warmer than average temperatures and less than average rainfall.

Using environmental water to give waterways a helping hand

The *Seasonal Watering Plan 2012-13* outlined 122 potential priority watering actions across Victoria. These represented the full scope of actions that may have been able to be delivered under a range of planning scenarios. The number of watering actions achieved was dependent on actual seasonal and operational conditions.

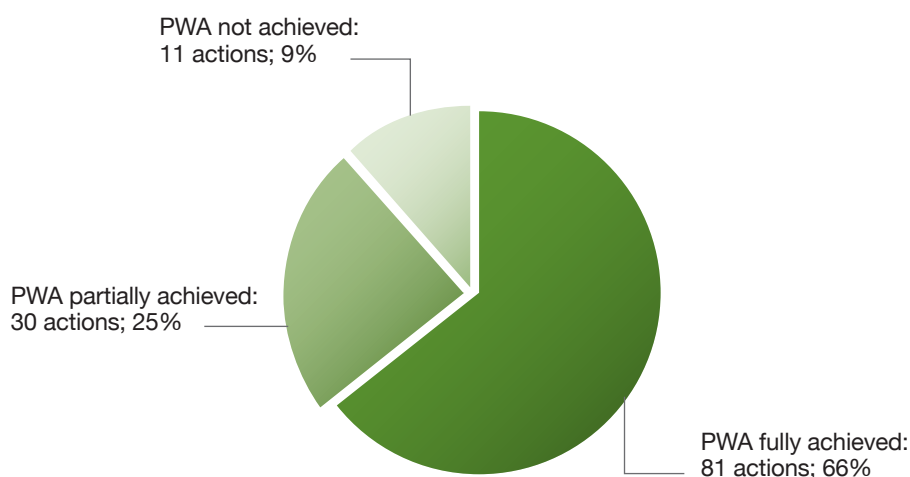
Of the 122 potential priority watering actions identified as in scope for 2012-13, 111 or 91% were fully or partially achieved; that is, the flow pattern that occurred was consistent with or not materially different from the planned pattern (see Figure 3.1).

Of those watering actions which were fully or partially achieved, 74 or 66% relied on full or partial contribution of the Water Holdings. The remaining 34% were achieved with unregulated flows, consumptive water en route or other sources, or were drying or cease to flow events which did not require water.

Those 11 or 9% of watering actions which were not achieved were due to:

- wetlands being naturally inundated during planned drying phases
- delays in the commissioning of environmental water delivery infrastructure
- storage/river operator asset maintenance works restricting the magnitude of flows which could be delivered
- unexpectedly hot dry conditions impeding the achievement of flow targets as a result of increased losses.

Figure 3.1 Achievement of priority watering actions in 2012-13





SECTION THREE

Total net water availability in 2012-13 was 765,135 ML, including 251,466 ML made available by the Commonwealth Environmental Water Holder. See section 3.4 for more information.

In total, it was possible to deliver 437,241 ML of environmental water to 46 priority river reaches and 17 wetlands across Victoria. The remaining water was carried over as it was required for critical early-season watering actions in 2013-14 or because it could not be delivered due to seasonal or operational conditions. A small amount of allocation was sold in northern Victoria (see page 20).

The VEWH Commission issued 60 seasonal watering statements authorising waterway managers to deliver the Water Holdings in line with the seasonal watering plan. *The Water Act 1989* requires all seasonal watering statements to be consistent with the seasonal watering plan.

In response to unforeseen circumstances and changing conditions, the VEWH approved eight variations to the seasonal watering plan during the year. These variations are an important tool to ensure environmental water management remains adaptive to changing conditions. However, the VEWH aims to ensure that the seasonal watering plan is as enabling as possible from the outset, and will continue to strive to better scope and streamline its planning and decision making. Variations were made to the plan in the following areas:

- Wimmera-Mallee wetlands: Beulah Weir Pool was included as a potential site for environmental water delivery (October 2012).
- Werribee system: Priority watering actions were amended to correct errors; there was originally no defined timeframe specified for the small high flow freshes priority watering action, and this was later specified as September to December (November 2012).
- Tarago system: The spring high flow watering action was amended to correct the timing, which erroneously specified a November end date instead of a December end date (November 2012).
- Loddon system: Summer/autumn low flows were included as a priority watering action (January 2013) and the summer fresh priority watering action was amended to correct the timing, which erroneously specified a February end date instead of an April end date (January 2013).
- Goulburn system: The volume for the summer/autumn fresh priority watering action was modified from 5,600 ML/day to up to 5,600 ML/day (February 2013); and the volumes and timing of the winter fresh priority watering action were modified to allow for a lower delivery rate of 3,600 ML/day or a higher delivery rate of up to 6,600 ML/day during June to August, rather than 5,600 ML/day during July to August (April 2013).
- Northern wetlands and floodplains: Brickworks Billabong was included as a potential site for environmental water delivery (April 2013).

Table 3.1 provides a comparison of some water planning and delivery indicators for 2011-12 and 2012-13.

Table 3.1 Environmental watering performance comparison

	2011-12	2012-13
<i>Priority watering actions (number of watering actions and as percentage of total number of actions)</i>		
Total no. of actions	103	122
Fully achieved	63 (63%)	81 (66%)
Partially achieved	31 (29%)	30 (25%)
Not achieved	9 (8%)	11 (9%)
<i>Contribution of Water Holdings to fully and partially achieved priority watering actions (number of watering actions and as percentage of total number of fully or partially achieved watering actions)</i>		
Full contribution	28 (28%)	37 (33%)
Partial contribution	30 (30%)	37 (33%)
No contribution	41 (42%)	24 (22%)
Not applicable	(included in 'No contribution')	13 (12%)
<i>Total volume available (ML)</i>		
Southern Victoria	75,651	85,050
Western Victoria	69,211	82,296
Northern Victoria*	575,854	597,789
<i>Total volume delivered (ML and percentage of total volume available)</i>		
Southern Victoria	33,008 (44%)	41,060 (48%)
Western Victoria	18,345 (27%)	50,277 (61%)
Northern Victoria*	427,858 (74%)	345,904 (58%)
Total river reaches and wetlands	45	63
Total seasonal watering statements	47	60
Total seasonal watering plan variations	6	8

*Includes water available and delivered on behalf of the Living Murray program and the Commonwealth Environmental Water Holder.

The seasonal watering plan, all seasonal watering statements and a regular environmental watering update are available from www.vewh.vic.gov.au. Anyone interested in receiving this update can email general.enquiries@vewh.vic.gov.au. Information on all the watering activities undertaken in Victoria in 2012-13 and the associated environmental outcomes can be found in *Reflections 2012-13*, also available on the website.



SECTION THREE

Demonstrating outcomes from environmental water

It is not the volume of water used that is important in environmental water management, but rather, the outcomes achieved by that water.

There are a range of objectives sought from environmental water management, including for in-stream and riparian vegetation, as well as fish, bird and macroinvertebrate populations. These populations all rely on well-functioning ecosystem processes, such as carbon and nutrient cycling, good water quality and well-maintained channel form.

There are also a range of social benefits from environmental water, and the VEWH together with the waterway managers seek to provide these as much as possible, provided they are consistent with environmental outcomes. Social benefits include recreational opportunities for water-based hobbies such as fishing, boating and kayaking. Healthy waterways also provide a scenic spot for camping, picnicking, walking and running. All of these activities help to improve community health and well-being, as well as supporting regional economies through tourism and other benefits.

The following provides an example of some of the outcomes achieved through environmental water delivery in 2012-13. More information can be found in *Reflections 2012-13*, available from www.vewh.vic.gov.au.

Case study 1:

Australian grayling boost in the Thomson system

Australian grayling eggs have been captured in the Thomson system and this indicates an effective environmental flow. The discovery of the eggs followed the delivery of two autumn freshes of up to 800 ML per day in April and May 2013, and indicates that the species had a successful spawning event as a result of the flows.

Over the years, the West Gippsland Catchment Management Authority has been targeting flow releases to trigger spawning responses from grayling. Recent changes to the monitoring program led to the capture of eggs in 2012-13. This encouraging news highlights the importance of adaptability in monitoring programs. It also provides the confidence that flow releases have been successful in sustaining this significant species.

Australian grayling are a native fish listed as a vulnerable species under Australia's *Environment Protection and Biodiversity Conservation Act 1999*. They are a short-lived species (two to three years), so regular spawning is critical to their survival.

Other benefits of the flows include riparian vegetation regeneration and sediment scour which improves habitat. The flows would also have improved recreational opportunities, including for local paddlers.

Optimising outcomes through smart portfolio management

In 2012-13, the VEWH continued to use carryover and trade to enhance the benefits provided by the Water Holdings. Carryover involves retaining water in storage for use in the following year, while trade is the buying and selling of water allocations (and entitlements, although this is expected to occur very infrequently). Deciding whether the best outcomes can be achieved through water use, carryover or trade is a key role of the VEWH.

For the second year in a row, an assessment of water supply and demand resulted in a small amount of the VEWH's Water Holdings being available for sale in northern Victoria. There was more than enough water available to provide all of the feasible foreseeable priority watering actions. As a result, 14,000 ML of VEWH water allocation on the Murray system was able to be sold from November 2012 to January 2013. The water was divided into smaller parcels, and the sales were spread out over time to minimise any potential market impacts. The VEWH operates under the same market rules as any other entitlement holder.

Some of the VEWH's trade revenue contributed to the purchase of 860 ML of water allocation in the Werribee system, where there was a supply shortfall (see case study 2).

Remaining trade revenue will primarily be used to purchase water to address supply shortfalls in 2013-14 and beyond. However, it may also be used to undertake technical work to address key knowledge gaps and manage risks, fund environmental water delivery if required, or even to construct small-scale structural works to improve delivery efficiency.

A total of 328,564 ML was carried over into 2013-14 (subject to evaporation losses), providing a good start for early season watering actions. The volumes carried over for each specific system can be found in section 3.4, and represent 43 percent of the VEWH's total water availability last year.

Case study 2:

Opportunistic boost in water allocation for the Werribee system

In collaboration with Melbourne Water, 860 ML of unused allocation from water shares held by the former Department of Primary Industries was purchased in November 2012. It was delivered between December 2012 and April 2013 and resulted in:

- the estuary salt wedge being pushed downstream (which assists black bream hatching)
- inundation of a bluestone ford between the freshwater and estuarine sections of the river (which allows small-bodied fish to migrate downstream to spawn in the estuary)
- improved water quality, including increased levels of dissolved oxygen (providing better conditions for fish, macroinvertebrates and platypus).

SECTION THREE

Working with key partners

The on-ground outcomes previously discussed would not be possible without the hard work of the VEWH's key delivery partners.

The VEWH continued to work closely with Victoria's waterway managers, who undertake the local planning for and delivery of environmental watering actions. This includes seeking input from local communities on this planning and delivery, either through established advisory groups or more targeted consultation. Liaison with waterway managers continued through a range of meetings, site visits and forum participation. It was also enhanced this year through presentations by all waterway managers of their seasonal watering proposals to the VEWH Commission, as well as the Commonwealth Environmental Water Office, Murray-Darling Basin Authority and other waterway managers.

The VEWH sought to cement its relationships with Victoria's storage managers, who have a critical role in releasing environmental water from storages, and coordinating deliveries to best meet the needs of all entitlement holders. Where they exist, the VEWH continues to participate in bulk entitlement holder committees coordinated by storage managers, including Southern Rural Water, Melbourne Water and Grampians-Wimmera-Mallee Water (GWMWater). These committees provide a valuable opportunity to understand the issues and concerns of other entitlement holders. They also provide a forum for inputting to issues, such as entitlement amendments, storage operating arrangements or tariff reviews, which could impact on all entitlement holders.

The VEWH continued to participate in the Murray-Darling Basin Authority's Environmental Watering Group, responsible for overseeing use of the water recovered through the Living Murray program. In Victoria in 2012-13, the group oversaw the delivery of 62,152 ML to Barmah Forest, Gunbower Creek and through the Goulburn and Campaspe rivers. 50,778 ML of this was then provided to South Australia as return flows. The VEWH also continues to develop its partnership with the Commonwealth Environmental Water Office, meeting on a regular basis to improve alignment in the planning and delivery of environmental water. This has resulted in the delivery of 251,466 ML of Commonwealth environmental water in the Goulburn, Broken, Campaspe and Loddon systems and Gunbower Creek.

Case study 3: Providing multiple benefits in the Wimmera system

Storages in the Wimmera system are managed by GWMWater to ensure reliable supplies for all entitlement holders. However, the storages are also highly valued by local communities for the recreational and economic opportunities they create. As such, GWMWater consult with the Wimmera Catchment Management Authority, VEWH, other entitlement holders and community interest groups to provide these multiple benefits wherever they can.

In 2012-13, after extensive engagement with relevant community groups and a local council, it was agreed that an adaptive seasonal approach be implemented. This meant that no releases would be made from Lake Lonsdale from mid-December 2012 until after Easter 2013. This helped to maintain levels in Lake Lonsdale to allow for greater recreation over the summer holiday and Easter holiday period.

While it may not always be possible, this agreement was achieved because the needs of entitlement holders could be met by delivery from alternative storages. In this case, environmental deliveries targeting the lower Wimmera River were able to be made from Taylor's Lake. This approach may not always be possible as environmental water delivery targets for Mount William Creek below Lake Lonsdale may be required.

This agreement was realised through the constructive collaboration of the relevant water agencies and local stakeholders.

Evolution of the Water Holdings

At 1 July 2012, the VEWH Water Holdings comprised 20 entitlements and a number of water shares, totalling a long-term average of 590,300 ML. In the period up to 30 June 2013, one entitlement was created and three were amended, increasing the long term average to 630,800 ML. These adjustments included:

- an amendment to the *Wimmera and Glenelg River Environmental Entitlement 2010* to correct errors made in the drafting of the entitlement instrument, to ensure it is consistent with the current provisions of the *Water Act 1989* (27 March 2013)
- an amendment to the *Bulk Entitlement (Thomson River – Environment) Order 2005* to provide more flexibility in environmental water releases to the Thomson River (12 April 2013)
- an amendment to the *Bulk Entitlement (River Murray – Flora and Fauna) Conversion Order 1999* to recognise a long-term average of 4,950 ML per year of water recovered in the Murray system by Lower Murray Water under the Robinvale Irrigation District modernisation program and by New South Wales modernisation works under the Living Murray program (29 June 2013).
- the creation of the *Campaspe River Environmental Entitlement 2013* to recognise a long-term average of 22,500 ML per year of water recovered for the environment through the decommissioning of the Campaspe Irrigation District under Stage 1 of the Goulburn-Murray Water Connections Project (29 June 2013)

The remaining increase in the long-term average water availability of the Water Holdings is due to increases in the NVIRP Stage 1 environmental entitlement volumes in the Murray and Goulburn systems. These entitlement volumes will increase each year based on an annual audit of long-term savings achieved to date under the Goulburn-Murray Water Connections Project Stage 1.

Case study 4:

Lasting recovery in the Campaspe system

Environmental water entitlements were tripled in the Campaspe system in June 2013 when the Minister for Water granted the VEWH its new entitlement in that system. The entitlement will provide a long-term average of 22,500 ML per year to the river system.

The water was recovered through the Goulburn-Murray Water Connections Program as a result of the decommissioning of the Campaspe Irrigation District. When combined with existing entitlements held by the Commonwealth Environmental Water Holder and for the Living Murray program, a long-term average of about 31,000 ML is available.

The granting of the entitlement will help to address the impacts of the recent drought and floods on the Campaspe River, which is a high-value but currently flow-stressed system supporting many plant and animal populations. It is also an important community asset supporting recreational activities.

Delivery of water under the new entitlement will commence in 2013-14. It will be combined with a concurrent, four-year 'Caring for the Campaspe' project for on-ground works including 80 km of fencing, 163 ha of weed control and community engagement activities. Together, these initiatives will help to restore the health of this major river system.

SECTION THREE

3.2 Performance against key indicators

Three strategic performance indicators were included as part of the VEWH *Corporate Plan 2012-13 to 2015-16*. Table 3.2 briefly describes the VEWH's performance against these indicators in 2012-13. There were no major changes or factors affecting the performance of the VEWH during 2012-13. In 2013-14, the VEWH will continue to build on its solid results to continue achieving the best practicable outcomes for Victoria's rivers, wetlands and floodplains.

Table 3.2 Performance against key indicators

Performance indicator and target	Target achievement	Comments on performance in 2012-13
Water Act 1989, other legislative, Ministerial rules and Water Holdings obligations fulfilled on time (100% target)	72%	<p>The VEWH complied with all the relevant provisions in the <i>Water Act 1989</i>, the <i>Public Administration Act 2004</i> and the <i>Financial Management Act 1994</i>. However, the VEWH did not comply with sections 2.2, 2.5 and 4.4 of the Standing Directions of the Minister for Finance, which requires public sector agencies to establish an audit committee, develop an internal audit function and monitor against financial key performance indicators. This accounts for 2% of the target and will be addressed for 2013-14.</p> <p>In addition, the VEWH has a number of obligations under the Water Holdings, most of which it complied with, except for the development and implementation of metering plans and operating arrangements within 12 months of each entitlement being issued (accounting for 26% of target). This will be addressed for 2013-14.</p> <p>There were no Ministerial rules in place in 2012-13.</p>
Priority outputs delivered within committed timeframes (85% target)	94%	<p>34 out of 36 priority outputs were fully delivered in 2012-13.</p> <p>Two outputs were not fully achieved in 2012-13. The first relates to developing and implementing operating arrangements with storage managers (as discussed above). The second relates to inputting to 'foundation documents'. While input was provided to the Statewide waterway management strategy and guidance notes, as well as two environmental flows studies, no input was provided to the development of regional waterway strategies or the development of specific environmental water management plans. This non-achievement was due to staff resource constraints.</p>
Programs evaluated for effectiveness in achieving goals and opportunities for improvement identified (100% target)	100%	<p>All programs were evaluated for effectiveness for the 2012-13 year, with opportunities for improvement captured. These will be built into the 2013-14 work program as resources allow.</p>

3.3 Financial summary

Table 3.3 below provides a financial summary for VEWH operation in 2012-13. As this is the VEWH's second year of operation, it is not possible to provide five years of financial summaries.

While the Water Holdings are not recognised or accounted for as an asset for accounting purposes, the VEWH considers the Holdings to be significant and extremely valuable.

Table 3.3 Financial summary

	2012-13 \$	2011-12 \$
<i>Revenues</i>		
Government contributions / grants	3,814,190	3,630,841
Interest	49,668	18,176
Sale of water allocation	552,605	92,066
Other income	23,695	20,489
TOTAL REVENUE	4,440,158	3,761,572
<i>Expenditures</i>		
Employee benefits	(655,657)	(597,759)
Grants and other transfers (water delivery and management) and environmental water holdings and transaction expenses	(1,854,455)	(2,113,880)
Other operating expenses	(322,751)	(306,765)
TOTAL EXPENDITURE	(2,832,863)	(3,018,404)
<i>Assets¹</i>		
TOTAL ASSETS	2,508,345	961,863
<i>Liabilities</i>		
TOTAL LIABILITIES	157,882	218,695

¹ Environmental entitlements are issued by the Minister for Water under section 48B of the Water Act 1989, through an order published in the Victoria Government Gazette. In accordance with the VEWH's accounting policy, it does not recognise environmental entitlements that have been gifted to it by the Victorian government (or other Victorian government entities) as an intangible asset, as they do not satisfy the recognition criteria of AASB 138 Intangible Assets and Financial Reporting Direction 109 Intangible Assets. Separately acquired water entitlements do meet the recognition criteria of AASB 138 and FRD 109 and would be recognised as an intangible asset in accordance with the VEWH's accounting policy. There were no separately acquired water entitlements in 2012-13.

With the exception of increased assets (cash) as a result of increased trade revenue and lower than expected delivery and management costs, there were no significant changes in the VEWH's financial position during 2012-13.

There were no significant changes or factors which affected VEWH performance during the reporting period.

3.4 Final water accounts

Tables 3.4 to 3.6 indicate the total volumes of water carried over, allocated, traded, transferred between accounts, lost to spill and used in 2012-13 in the southern, western and northern systems respectively.

Further detail about the Water Holdings can be obtained from the Victorian Water Register (www.waterregister.vic.gov.au).

Table 3.4 VEWH water account summary in the southern systems in 2012-13

VEWH Water Holdings 2012-13 – Southern Victoria											
System	Entitlement	Reliability	Entitlement at 30 June 2012	Allocation carried over from 2011 -12	Allocation 2012-13	Share of available water 2012-13	Net trade 2012-13	Loss to spill 2012-13	Total water available 2012-13	Water use 2012-13	Carried over to 2013-14
				A	C				D	E	D - E
Latrobe	Latrobe River Environmental Entitlement 2011 ^	Unreg	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Bulk Entitlement (Thomson River - Environment) Order 2005	High	10,000.0	749.0	10,000.0	n/a	0.0	0.0	10,749.0	10,936.0	-187.0
Thomson		Passing flows									
Macalister	Macalister River Environmental Entitlement 2010	High	12,460.9	0.0	12,460.9	n/a	0.0	0.0	12,460.9	9,565.0	2,895.9
		Low	6,229.5		1,245.9	n/a	0.0	0.0	1,245.9	1,245.9	1,245.9
Yarra River	Yarra River Environmental Entitlement 2006*	High	17,000.0	30,554.0	17,000.0	n/a	0.0	0.0	47,554.0	12,589.0	34,965.0
		Unregulated	55.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		Passing flows									
Tarago	Tarago and Bunyip Rivers Environmental Entitlement 2009	Share of inflows	10.9% share of inflows		n/a	3,000.0	0.0	0.0	3,000.0	2,176.0	1,808.0
		Passing flows									
	Werribee River Environmental Entitlement 2011	Share of inflows	10% share of inflows		n/a#	3,218.0	849.0	1,049.0	3,218.0	2,149.0	869.0
Werribee		Passing flows									
Barwon	Barwon River Environmental Entitlement 2011 ^	Unregulated	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
		Share of inflows	11.9% share of inflows								
Moorabool	Moorabool River Environmental Entitlement 2010	Passing flows		5,126.2	n/a	1,695.6	0.0	0.0	6,821.8	2,399.0	4,422.8
Total				36,429.2	40,706.8	7,913.6	849.0	1,049.0	85,049.6	41,059.9	46,019.6

- ^ Use of these entitlements is dependent on suitable river heights, as specified in each entitlement.
 * In addition to the volumetric entitlement, the entitlement also consists of access to up to 55 ML per annum in the Yarra River downstream of the confluence with Olinda Creek
 # Unused water available to carryover in this system is not calculated as available water minus used water, due to the allocation rules in these entitlements

Table 3.5 VEWH water account summary in the western systems in 2012-13

VEWH Water Holdings 2012-13 – Western Victoria									
System	Entitlement	Reliability	Entitlement at 30 June 2012	Allocation carried over from 2011-12	Carryover lost to spill	Allocation 2012-13 ^a	Total water available 2012-13	Water use 2012-13	Carried over to 2013-14
				A	B	C	D = A + B + C	E	D - E
Wimmera and Glenelg	Wimmera Glenelg Rivers Environmental Entitlement 2010	High	41,560.0	43,217.0	0.0	39,079.0	82,296.0	50,277.0	32,019.0
		Passing flows							
Total				43,217.0	0.0	39,079.0	82,296.0	50,277.0	32,019.0

- ^ Water allocation under the Wimmera Glenelg Rivers Environmental Entitlement in 2012-13 includes a once-off repayment of 5,532 ML in accordance with the provisions of the entitlement.

SECTION THREE

Table 3.6 VEWH water account summary in the northern systems in 2012-13

VEWH Water Holdings 2012-13 – Northern Victoria														
Entitlement	Reliability	Entitlement at 30 June 2012	Allocation carried over from 2011-12	Carryover lost to spill#	Allocation 2012-13	Return flow recredit^	Net transfer CEW	Net transfer TLM	Net transfer VEWH*	Donations	Net trade VEWH~	Total water available 2012-13	Water use 2012-13	Carried over to 2013-14
			A	B	C	D	E	F	G	H	I	J = A - B + C + D + E + F + G + H + I	K	L = J - K
Goulburn system														
Environmental Entitlement (Goulburn System - NVIRP Stage 1) 2012^^	n/a	23,535.0	9,725.2***	0.0	18,722.3	0.0	214,124.3	0.0	4,000.0	32.7	0.0	246,604.5	219,302.4	27,302.1
Goulburn River Environmental Entitlement 2010	High	1,432.0	996.0	542.5	1,432.0	0.0	0.0	0.0	0.0	0.0	0.0	1,885.5	1,885.5	0.0
Environmental Entitlement (Goulburn System - Living Murray) 2007	High	39,625.0	731.7	289.8	39,625.0	0.0	0.0	22,242.1	0.0	0.0	0.0	62,309.0	31,228.1	31,080.9
	Low	156,980.0	32,321.1	9,781.1	0.0	0.0	0.0	12,355.9	0.0	0.0	0.0	34,895.9	19,115.9	15,780.0
Bulk Entitlement (Snowy - Environment) Order 2005##	High	30,252.0	0.0	0.0	30,252.0	0.0	0.0	0.0	-30,252.0	0.0	0.0	0.0	n/a	0.0
	Low	8,156.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Water shares - Snowy River	High	6,401.4	0.0	0.0	7,852.9	0.0	0.0	0.0	-7,852.9	0.0	0.0	0.0	n/a	0.0
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	n/a	0.0
Silver and Wallaby Creeks	Passing flows											0.0		0.0
Environmental Entitlement 2006														
Campaspe system														
Campaspe Water Use Registration^^^	n/a	n/a	0.0	0.0	8,020.0	0.0	6,820.8	0.0	0.0	0.0	0.0	14,840.8	13,481.0	n/a
Environmental Entitlement (Campaspe River - Living Murray Initiative) 2005	High	126.0	0.6	0.4	126.0	0.0	0.0	0.0	0.0	0.0	0.0	126.2	0.0	126.2
	Low	5,048.0	0.0	0.0	5,048.0	0.0	0.0	0.0	0.0	0.0	0.0	5,048.0	3,406.0	1,642.0
Loddon system														
	High	2,000.0	2,000.0	2,000.0	2,000.0	0.0	0.0	0.0	0.0	0.0	0.0	2,000.0	0.0	2,000.0
Bulk Entitlement (Loddon River - Environmental Reserve) Order 2005	Trigger based	7,490.0	2,100.6	0.0	7,490.0	0.0	0.0	0.0	0.0	0.0	0.0	9,590.6	4,759.4	4,831.2
	Low	2,024.0	0.0	0.0	0.0	0.0	2,745.5	0.0	0.0	0.0	0.0	2,745.5	2,745.5	0.0
Water shares - Snowy River														
Environmental Reserve##	High	470.0	0.0	0.0	470.0	0.0	0.0	0.0	-470.0	0.0	0.0	0.0	n/a	0.0
Environmental Entitlement (Birch Creek – Bullarook System) 2009	Trigger based	100.0	51.0	51.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Entitlement	Reliability	Entitlement at 30 June 2012	Allocation carried over from 2011-12	Carryover lost to spill#	Allocation 2012-13	Return flow recredit^	Net transfer CEW	Net transfer TLM	Net transfer VEW* H	Donations	Net trade VEWH~	Total water available 2012-13 J = A - B + C + D + E + F + G + H + I	Water use 2012-13	Carried over to 2013-14
			A	B	C	D	E	F	G	H	I	J = A - B + C + D + E + F + G + H + I	K	L = J - K
Murray system														
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999	High	27,600.0	26,302.9	863.4	27,600.0	240,222.8		0.0	-244,893.4	0.0	-14,000.0	34,368.9	7,036.8	27,332.1**
	Unreg	40,000.0	0.0		6,346.4	0.0	0.0	0.0	0.0	0.0	0.0	6,346.4	6,346.4	n/a
Environmental Entitlement (River Murray - NVIRP Stage 1) 2012^^^	n/a	5,710.6	1,521.2	0.0	9,260.0	0.0	27,775.3	0.0	18,358.8	0.0	0.0	56,915.3	28,195.3	28,720.0
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - Barmah-Millewa Environmental Water Allocation	High	50,000.0			50,000.0									
	Low	25,000.0	31,000.0		25,000.0							106,000.0	0.0	106,000.0
Bulk Entitlement (River Murray - Flora and Fauna) Conversion Order 1999 - Living Murray	High	5,710.0	1,510.0	49.6	5,710.0	0.0	0.0	1,489.7	0.0	0.0	0.0	8,660.1	2,950.0	5,710.1
	Low	101,850.0	0.0		0.0	50,777.9	0.0	-50,777.9	0.0	0.0	0.0	0.0	0.0	0.0
Bulk Entitlement (River Murray - Snowy Environmental Reserve) Conversion Order 2004##	Unreg	34,300.0	0.0		5,452.0	0.0	0.0	0.0	0.0	0.0	0.0	5,452.0	5,452.0	0.0
	High	29,794.0	0.0		29,794.0	0.0	0.0	0.0	-29,794.0	0.0	0.0	0.0	n/a	0.0
Water shares - Snowy River Environmental Reserve##	High	11,391.6	0.0		13,996.3	0.0	0.0	0.0	-13,996.3	0.0	0.0	0.0	n/a	0.0
	Low	6,415.3	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Total		639,262.9	108,260.3	13,577.8	294,196.9	291,000.7	251,465.9	-14,690.2	-304,899.8	32.7	-14,000.0	597,788.8	345,904.3	250,524.7

When spare capacity is available in some systems in northern Victoria, entitlement holders are able to carry over unused water above their entitlement volume. If system storages spill, some or all of that carryover may be deemed to be 'lost' through that spill.

^ Return flows provisions in entitlements allow environmental water to be delivered to achieve outcomes in multiple systems. For example, these rules allow water to be delivered through the Goulburn or Campaspe systems, and then be re-credited for delivery in the Murray system (minus losses) to meet environmental objectives in downstream sites, such as the Lower Lakes in South Australia.

* Administrative transfers between allocation bank accounts are required to facilitate the use of water across river and wetland systems, and to enable the use of water made available by the Commonwealth Environmental Water Holder and the Living Murray program in Victoria. A positive transfer value indicates there has been a net transfer of allocation into the specified entitlement; while a negative value indicates a net transfer of allocation out of the specified entitlement. Net transfers by the VEWH represent transfers of water to the Snowy River entitlements and transfers of water to South Australia to facilitate delivery in the Murray River.

~ Negative net trades indicate a net sale of water allocation, while positive net trades indicate a net purchase of water allocation. The VEWH was active in the northern Victorian water market during 2012-13, selling some water allocation. Revenue raised from the sale will be used to facilitate environmental outcomes, through activities such as purchasing allocation for priority watering events at a later time or in a different water system, or funding minor structural works to improve water use efficiency.

Allocation to water entitlements held in trust for the Snowy River is traded out of VEWH environmental accounts to supply consumptive users, who would otherwise have been supplied through water diverted from the Snowy River to the Murray system. By reducing consumptive demand on Snowy resources, this water can be used to increase environmental flows in the Snowy and Murray Rivers.

^^ Total entitlement volume and allocation includes mitigation water allocated for the purposes of watering specific environmental sites that have been identified through G-MW Connections Project environmental approvals processes.

** Volume includes some Living Murray water carried over in a VEWH account.

^^^ Use of environmental water recovered in the Campaspe under the GMW Connections Project in 2012-13 was facilitated through an allocation bank account and water use registration, until an Environmental Entitlement could be granted at the end of 2012-13.

*** Volume includes 427.5 ML of Commonwealth Environmental Water carryover

Disclosures and compliance

4.1 Occupational health and safety

The VEWH is committed to ensuring that all employees, contractors and visitors are provided with the use of facilities, equipment, education and training to minimise and prevent workplace injury and illness.

VEWH staff have access to a range of programs provided by the Department. These services include training and development programs, occupational health and safety courses, 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.

4.2 Employment and conduct principles

VEWH policy statement: Human resources will be secured to ensure that statutory functions can be effectively undertaken, and appropriate human resource practices will be implemented and maintained to ensure fair and reasonable employment processes and treatment of staff.

To ensure appropriate practices, the VEWH will comply with requirements under the *Public Administration Act 2004*, the Victorian Public Sector Employment Standards and the *Equal Opportunity Act 1995*. Relevant requirements include those relating to:

- workforce planning
- recruitment
- remuneration
- termination
- occupational health and safety.

For administrative efficiency, the VEWH uses staff seconded from the Department, and in doing so, agrees to abide by the Department's relevant regulations and policies. This arrangement is formalised through a service level agreement, which will be updated as required.

The VEWH complies with the *Code of Conduct for Victorian Public Sector Employees*, departmental policies and procedures as well as providing a range of services to support staff and to maintain the office so it is a fair and safe place to work. Policies and practices include those detailed below.

Human rights

The *Victorian Charter of Human Rights and Responsibilities* is a law under the *Public Administration Act 2004*, protecting the human rights of all people in Victoria. The Charter contains 20 rights that reflect four basic principles – freedom, respect, equality and dignity. The VEWH office acts compatibly with the Charter and gives proper consideration to human rights when making decisions.

Equal opportunity

The VEWH is committed to the principles of merit and equity in human resource management. All appointments during the reporting period were based on competitive selection processes including seconding staff from the Department. The VEWH's staff are employed under the *Public Administration Act 2004*. This Act specifies a number of employment and conduct principles that must be observed by public sector organisations and their employees.

The VEWH is committed to:

- implementing relevant Department policies to prohibit workplace discrimination and harassment
- ensuring that all staff are properly trained about workplace discrimination and harassment
- establishing effective complaint procedures
- treating all complaints seriously and investigating them promptly
- ensuring that appropriate action is taken to address and resolve complaints
- monitoring the workplace environment and culture
- ensuring any complaint is managed within the Equal Opportunity Commission and Department guidelines.

Diversity

The VEWH recognises the *Department Diversity (Inclusion) Action Plan* which includes the reduction of inequality and disadvantage, the sharing of prosperity and the building of stronger more inclusive communities, with opportunities for all.

Performance management

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

Workforce data

During 2012-13 the VEWH employed up to five staff. At 30 June 2013 there were three staff compared with five staff in 2011-12.

Table 4.1 Workforce data

	2012-13	2011-12
Executive Officer	1	1
Project Officers	2	3
Communications and Engagement Officers	0	1
TOTAL	3	5
Male	0	2
Female	3	3
TOTAL	3	5



SECTION FOUR

4.3 Office-based environmental impacts

The VEWH office integrates environmental sustainability into its decision making and operates within the Department's environmental management systems. These systems manage office-based activities related to water, energy and paper consumption, waste production, transport and purchasing. Staff also participate in the Eco-office forums.

As the office is co-located with the Department 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 the Department's Annual Report 2012-13.

4.4 Disclosure of major consultancies

Consultancies over \$10,000

In 2012-13, the VEWH did not engage any consultancies and therefore total fees payable was nil.

Consultancies under \$10,000

In 2012-13, the VEWH did not engage any consultancies and therefore total fees payable was nil.

Major contracts

The VEWH did not enter into any contracts greater than \$10 million in value during 2012-13.

4.5 Compliance

Water Act 1989

The VEWH's compliance against the *Water Act 1989* is summarised in section 3.2 of this report.

FOI requests

The *Freedom of Information Act 1982* (FOI) allows public access to documents held by government entities. The VEWH is considered to be a 'Government Agency' under the *Freedom of Information Act 1982* and is required to comply with the procedures that have been prescribed under which members of the public may gain access to documents held by agencies. A decision to release documents is made by an Authorised Officer. The VEWH has determined that its Authorised Officer is the Department's Freedom of Information Manager, who can be contacted on the details below:

Freedom of Information Manager

Legal Services Branch
Corporate Services Division
Department of Environment and Primary Industries
Level 10, 8 Nicholson Street
East Melbourne, Victoria 3002
Ph: (03) 9637 9730

An application fee of \$25.70 applies.

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

Compliance with Protected Disclosures Act 2012 (formerly Whistleblowers Protection Act 2001)

The former *Whistleblowers Protection Act 2001* (Whistleblowers Act) was repealed and replaced with the *Protected Disclosures Act 2012* (PD Act), which came into force on 10 February 2013. As the change of legislation occurred midway through the 2012-13 financial year, this disclosure complies with the requirements of the PD Act and section 104 of the Whistleblowers Act, for each of the relevant time periods.

Compliance with the Protected Disclosures Act 2012

The PD Act was part of a package of integrity reforms introduced by the Victorian Government, which also established the Independent Broad-based Anti-corruption Commission (IBAC). The PD Act enables people to make disclosures about improper conduct within the public sector without fear of reprisal. It aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a 'protected disclosure'?

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. VEWH is a 'public body' for the purposes of the Act.

What is 'improper or corrupt conduct'?

Improper or corrupt conduct involves substantial:

- mismanagement of public resources; or
- risk to public health or safety or the environment; or
- corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

How do I make a 'Protected Disclosure'?

You can make a protected disclosure about VEWH or officers or employees by contacting the Department or IBAC on the contact details provided below. Please note that VEWH is not able to receive protected disclosures.

How can I access VEWH's procedures for the protection of persons from detrimental action?

VEWH applies the Department's established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about VEWH or its employees. You can access the Department's procedures on its website at: <http://www.depi.vic.gov.au/about-us/legislation/protected-disclosures>

Contacts

Department of Environment and Primary Industries

Jennifer Berensen, Senior Advisor, Privacy & Ombudsman
Department of Environment and Primary Industries
Address: PO Box 500, East Melbourne Vic 3002
Ph: 03 9637 8697
Website: www.depi.vic.gov.au

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3001.
Mail: IBAC, GPO Box 24234, Melbourne Victoria 3000
Internet: www.ibac.vic.gov.au
Phone: 1300 735 135
Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures.



SECTION FOUR

Building Act

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*.

Victorian Industry Participation Policy (VIPP)

The Victorian Industry Participation Policy 2003 requires public bodies and departments to report of the implementation of the VIPP. This applies to tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria.

The VEWH did not enter into any contracts to which VIPP applies.

National Competition Policy

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience simply as a result of government ownership should be neutralised. The VEWH implements and applies this principle in its business undertakings.

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*.

4.6 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 to the relevant ministers, Members of Parliament and the public on request (subject to freedom of information requirements, if applicable). The following information is available upon request:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers of the VEWH
- details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the VEWH about the activities of the VEWH and where they 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

The information is available on request from:

Executive Officer, Victorian Environmental Water Holder

Telephone: (03) 9637 8951

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

Financial statements

– 30 June 2013

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This financial report covers the Victorian Environmental Water Holder as an individual entity and is presented in the Australian currency.

The Victorian Environmental Water Holder is an independent, statutory office of the State of Victoria. Its principal address is:

Victorian Environmental Water Holder
8 Nicholson Street
East Melbourne VIC 3002

A description of the nature of the Commissioner's operations and its principal activities is included in the Report of Operations.

The financial report was authorised for issue by the Chairperson – Denis Flett and Executive Officer – Elizabeth Ashworth on 30 September 2013.

For queries in relation to our financial reporting please call 9637 8951, or visit our website www.vewh.vic.gov.au.

Victorian Environmental Water Holder Financial Statements

Comprehensive operating statement for the financial year ended 30 June 2013

	Notes	2013 \$	2012 \$
Income from transactions			
Grants	1(e), 2(a)	3,814,190	3,630,841
Fair value of services received free of charge or for nominal consideration	1(e), 2(b)	23,695	20,489
Sale of water allocation	1(e), 2(c)	552,605	92,066
Interest	1(e)	49,668	18,176
Total income from transactions		4,440,158	3,761,572
Expenses from transactions			
Employee expense	1(f), 3(a)	(655,657)	(597,759)
Grants (water delivery and management)	1(f), 3(b)	(382,855)	(941,233)
Environmental water holdings and transaction expenses	1(f), 3(c)	(1,471,600)	(1,172,647)
Other operating expenses	1(f), 3(d)	(322,751)	(306,765)
Total expenses from transactions		(2,832,863)	(3,018,404)
Net result from transactions		1,607,295	743,168
Comprehensive result		1,607,295	743,168

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

SECTION FIVE

Balance sheet as at 30 June 2013

	Notes	2013 \$	2012 \$
Assets			
Financial assets			
Cash and deposits	1(h), 10, 11(a)	2,405,240	684,355
Receivables	1(h), 4, 10	103,105	277,508
Total financial assets		2,508,345	961,863
Total non-financial assets		0	0
Total assets		2,508,345	961,863
Liabilities			
Payables	1(j), 5, 10	66,532	102,875
Provisions	1(j), 6	91,350	115,820
Total liabilities		157,882	218,695
Net assets		2,350,463	743,168
Equity			
Accumulated surplus		2,350,463	743,168
Contributed capital	1(k)	0	0
Net worth		2,350,463	743,168

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

Commitment for expenditure	1(l), 8
Contingent assets and contingent liabilities	1(m), 9

Statement of changes in equity for the financial year ended 30 June 2013

	Accumulated surplus/(deficit) \$	Contributions by owners \$	Total \$
Balance at 1 July 2011			
Net result for the year	743,168	0	743,168
Balance as at 30 June 2012	743,168	0	743,168
Net result for the year			
Net result for the year	1,607,295	0	1,607,295
Balance as at 30 June 2013	2,350,463	0	2,350,463

The above statement of changes in equity should be read in conjunction with the notes to the financial statements.

Cash flow statement for the financial year ended 30 June 2013

	Notes	2013 \$	2012 \$
Cash flows from operating activities			
Receipts			
Receipts from government and other transfers		4,543,086	3,651,330
Interest received		48,198	15,538
Total receipts		4,591,284	3,666,868
Payments			
Payments of grants and other transfers		(382,855)	(941,233)
Payments to suppliers and employees		(2,487,544)	(2,041,280)
Total payments		(2,870,399)	(2,982,513)
Net cash provided from operating activities	11(b)	1,720,885	684,355
Net increase in cash and cash equivalents		1,720,885	684,355
Cash and cash equivalents at the beginning of the financial year		684,355	0
Cash and cash equivalents at the end of the financial year	11(a)	2,405,240	684,355

Cash movements disclosed in the above cash flow statement are those cash transactions completed by the Department of Environment and Primary Industries on behalf of the Victorian Environmental Water Holder.

The above cash flow statement should be read in conjunction with the notes to the financial statements.

SECTION FIVE

Notes to the financial statements

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Note 1. Summary of significant accounting policies

The annual financial statements represent the audited general purpose financial statements for the Victorian Environmental Water Holder for the year ending 30 June 2013. The purpose of the report is to provide users with information about the entity's stewardship of resources entrusted to it.

(a) Statement of compliance

These general purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AAS) and 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 are selected and applied in a manner which ensures 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.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 16.

These annual financial statements were authorised for issue by the Victorian Environmental Water Holder on 30 September 2013.

(b) Basis of accounting preparation and measurement

The accrual basis of accounting has been applied in the preparation of 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.

Judgments, estimates and assumptions are required to be made about carrying values of assets and liabilities that are not readily apparent from other sources. The 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. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- superannuation expense (refer Note 1(f)); and
- future salary movements and future discount rates (refer to Note 1(j)).

These financial statements are presented in Australian dollars, and prepared in accordance with the historical cost convention.

(c) Reporting entity

The financial statements cover the Victorian Environmental Water Holder as an individual reporting entity.

The entity was established on 1 July 2011 via the *Water Act 1989*.

Its principal address is:

Victorian Environmental Water Holder
8 Nicholson Street
East Melbourne, Victoria 3002

Objectives of Victorian Environmental Water Holder

The objectives of the Water Holder as outlined in the *Water Act (1989)* are to manage the Water Holdings for the process of:

- Maintaining the environment water reserve in accordance with the environmental water reserve objective, and
- Improve the environmental values and health of water ecosystems, including their biodiversity, ecological functioning and water quality, and other uses that depend on environmental condition.

(d) Scope and presentation of financial statements***Comprehensive operating statement***

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

'Transactions' and other economic flows are defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* and *Amendments to Australian System of Government Finance Statistics, 2005* (ABS Catalogue No. 5514.0).

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Other economic flows are changes arising from market remeasurements. They include:

- fair value changes of financial instruments and agricultural assets.

The net result is equivalent to profit or loss derived in accordance with AASs.

Balance sheet

Assets and liabilities are presented in liquidity order with assets aggregated into, financial assets and non-financial assets.

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months) are disclosed in the notes, where relevant.

Cash flow statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'Comprehensive result' and amounts recognised in 'Other economic flows – other movements in equity' related to 'Transactions with owner in its capacity as owner'.

(e) Income from transactions

Grants

Grants from third parties (other than contribution by owners) are recognised as income in the reporting period in which the Victorian Environmental Water Holder gains control over the assets.

Sale of water allocation

Income from the sale of water allocations is recognised as income in the reporting period in which the Victorian Environmental Water Holder gains control of the assets. The income is shown net of charges deducted by water brokers before receipt.

Fair value of services received free of charge or for nominal consideration

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when control is obtained over them, irrespective of whether these contributions are subject to restrictions or conditions over their use. Contributions in the form of services are only recognised when a fair value can be reliably determined.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

Interest

Interest income includes interest received on bank term deposits and other investments and unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method which allocates the interest over the relevant period.

(f) Expenses from transactions

Expenses from transactions are recognised as they are incurred, and reported in the financial year in which they relate.

Employee expenses

Refer to the section in Note 1(j) regarding employee benefits.

These expenses include all costs related to employment (other than superannuation which is accounted for separately) including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments and Workcover premiums.

Superannuation

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

Grants (water delivery and management)

Grants to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants paid for the management and delivery of environmental water, subsidies, and other transfer payments to non-government entities. Refer to *Glossary of terms and style conventions* in Note 16 for an explanation of grants and other transfers.

Environmental water holdings and transaction expenses

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

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Supplies and services

Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

(g) Financial instruments

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 entity's activities, certain financial assets and financial liabilities arise under statute rather than contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract. However, guarantees issued by the Treasurer on behalf of the entity are financial instruments because, although authorised under statute, the terms and conditions for each financial guarantee may vary and are subject to an agreement.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits (refer to Note 1(h)), term deposits with maturity date less than three months, trade receivables, but not statutory receivables.

(h) Financial assets

Cash and deposits

Cash and deposits, including cash equivalents, comprise of cash on hand and cash at bank, deposits at call and those highly liquid investments 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 significant risk of changes in value.

Receivables

Receivables consist predominantly of amounts owing from the Victorian Government, debtors in relation to goods and services and GST input tax credits recoverable. Receivables that are contractual are classified as financial instruments. Amounts owing from the Victorian Government, taxes and other statutory receivables are not classified as financial instruments.

A provision for doubtful receivables is made when there is objective evidence that the debts will not be collected. Bad debts are written off when identified.

Investments

Investments are classified in the following categories:

- financial assets at fair value through profit and loss;
- loans and receivables
- held-to-maturity; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were required. Management determines the classification of its investments at initial recognition.

Any dividend or interest earned on the financial asset is recognised in the comprehensive operating statement as a transaction.

(i) Non-financial assets

Intangible assets

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated depreciation/amortisation and impairment losses. Costs incurred subsequent to initial

acquisition are capitalised when it is expected that additional future economic benefits will flow to the Water Holder.

When the recognition criteria in AASB 138 *Intangible Assets* are met, internally generated intangible assets are recognised and measured at cost less accumulated depreciation/amortisation and impairment.

(j) Liabilities

Payables

Payables consist predominantly of creditors and other sundry liabilities.

Payable represent liabilities for goods and services provided to the entity at the end of the financial year that are unpaid, and arise when the entity becomes obliged to make future payments in respect of the purchase of those goods and services.

Payables are initially measured at fair value, being the cost of the goods and services, and then subsequently measured at amortised cost.

Provisions

Provisions are recognised when the entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rate that reflects the time value of money and risks specific to the provision.

Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

(i) *Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months are also recognised in the provision for employee benefits as current liabilities, but are measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

(ii) *Long service leave*

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the entity 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:

- nominal value – component that the entity expects to settle within 12 months; and
- present value – component that the entity does not expect to 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.

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 (refer to Note 1(d)).

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Employee benefits on-costs

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

(k) Equity

Contributions by owners

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

(l) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 8 *Commitments for expenditure*) at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, 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 liabilities are recognised in the balance sheet.

(m) Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 9 *Contingent assets and contingent liabilities*) and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(n) Accounting for goods and services tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the taxation authority. In this case, the GST payable is recognised as part of the cost acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

The Department of Environment and Primary Industries manages the GST transactions on behalf of the Victorian Environmental Water Holder and the net amount of GST recoverable or payable to the Australian Taxation Office is recognised in the Department of Environment and Primary Industries statements.

Cash flow are presented on a net basis, exclusive of GST as it is managed by the Department of Primary Industries and Environment.

Commitments and contingent assets and liabilities are also stated inclusive of GST (refer to Note 1(l) and Note 1(m)).

(o) Events after reporting date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the entity and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur after the reporting date and before the date the financial statements are authorised for issue, where those events provide information about conditions which existed in the reporting period. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period and which may have a material impact on the results of subsequent years.

(p) Australian Accounting Standards issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2013 reporting period. DTF assess the impact of all these new standards and advises the entity of their applicability and early adoption where applicable.

As at 30 June 2013, the following AASs have been issued by the AASB but not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as follows:

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 <i>Financial instruments</i>	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	1 Jan 2015	Subject to AASB's further modifications to AASB 9, together with the anticipated changes resulting from the staged projects on impairments and hedge accounting, details of impacts will be assessed.
AASB 10 <i>Consolidated Financial Statements</i>	<p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 <i>Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities</i> that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p>	1 Jan 2014	<p>Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date.</p> <p>Subject to AASB's final deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, the entity will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.</p>
AASB 11 <i>Joint arrangements</i>	This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1 Jan 2014	<p>Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date.</p> <p>Subject to AASB's final deliberations and any modifications made to AASB 11 for not-for-profit entities, the entity will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.</p>

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 12 <i>Disclosure of Interests in Other Entities</i>	<p>This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 <i>Separate Financial Statements</i> and AASB 131 <i>Interests in Joint Ventures</i>.</p> <p>The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.</p>	1 Jan 2014	<p>Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date.</p> <p>Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 <i>Investments in Associates and Joint Ventures</i>.</p>
AASB 13 <i>Fair Value Measurement</i>	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other Australian accounting standards. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively detailed compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures required assets measured using depreciated replacement cost.
AASB 119 <i>Employee Benefits</i>	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions a few Victorian public sector entities that report superannuation defined benefit plans.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 127 <i>Separate Financial Statements</i>	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 127 in a not-for-profit context. As such, the impact will be assessed after the AASB's deliberation.
AASB 128 <i>Investments in Associates and Joint Ventures</i>	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2014	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. The AASB is assessing the applicability of principles in AASB 128 in a not-for-profit context. As such, the impact will be assessed after the AASB's deliberation.
AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i>	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities, and has not decided if RDRs will be implemented in the Victorian public sector.

Note 2. Income from transactions

	2013 \$	2012 \$
(a) Grants and other income transfers:		
Commonwealth grants	1,131,521	1,315,755
State government grants	2,682,669	2,315,086
Total grants and other income transfers	3,814,190	3,630,841
(b) Fair value of services received free of charge or for nominal consideration:		
Services (including rent, office equipment and IT services)	23,695	20,489
Total fair value of services received free of charge or for nominal consideration	23,695	20,489
(c) Sale from water allocation:		
Net income from the sale of water allocation	552,605	92,066
Total sale from water allocation	552,605	92,066

Note 3. Expenses from transactions

	2013 \$	2012 \$
(a) Employee expenses		
Salary and wages	(503,493)	(452,084)
Superannuation	(44,985)	(43,139)
Leave expenses	(67,004)	(66,447)
Other on-costs (fringe benefits tax, payroll tax and workcover levy)	(40,175)	(36,089)
Total employee expenses	(655,657)	(597,759)
(b) Grants (water delivery and management)		
Grants – Water corporations	(171,126)	(162,028)
Grants – Catchment management authorities	(211,729)	(779,205)
Total grants (water delivery and management)	(382,855)	(941,233)
(c) Environmental water holdings and transaction expenses		
Water storage fees	(1,467,182)	(1,163,761)
General delivery expenses (including statutory fees)	(4,418)	(8,886)
Total environment water holdings and transaction expenses	(1,471,600)	(1,172,647)

Note 3. Expenses from transactions (continued)

	2013 \$	2012 \$
(d) Other operating expenses		
Supplies and services:		
Contract and professional services	(124,099)	(89,370)
Insurance	0	(53,496)
Travel	(43,477)	(56,479)
General expenses	(52,699)	(19,919)
Learning and Development Costs	(8,817)	(7,431)
Payments for Shared Services	(24,271)	(20,489)
Office and accommodation	(69,388)	(59,581)
Total supplies and services	(322,751)	(306,765)
Total other operating expenses	(322,751)	(306,765)

Note 4. Receivables

	2013 \$	2012 \$
Receivables		
Contractual		
Trade receivables	4,109	154,440
Total contractual receivables	4,109	154,440
Statutory		
Amounts owing from the Department of Environment and Primary Industries	91,332	115,820
Taxes receivable	7,664	7,248
Total statutory receivables	98,996	123,068
Total receivables	103,105	277,508

Note 5. Payables

	2013 \$	2012 \$
Payables		
Contractual		
Trade creditors ⁽ⁱ⁾	1,989	97,431
Accrued expenses	64,485	5,444
Total contractual payables	66,474	102,875
Statutory		
Payroll tax payable	58	0
Total statutory payables	58	0
Total payables	66,532	102,875

The average credit period is 30 days. No interest is charged on the trade creditors or other payables for the first 30 days from the date of the invoice.

(a) Maturity analysis of contractual payables

Refer to Table 10.3 in Note 10 for the ageing analysis of payables.

(b) Nature and extent of risk arising from contractual payables

(i) Refer to Note 10 for the nature and extent of risks arising from payables.

Note 6. Provisions

	2013 \$	2012 \$
Current provisions		
Employee benefits(i) – annual leave [Note 6(a)]		
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	27,691	52,442
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾		
Employee benefits(i) – long service leave [Note 6(a)]		
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	11,921	0
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾	16,997	0
	56,609	52,442
Provisions related to employee benefit on costs:		
Unconditional and expected to be settled within 12 months ⁽ⁱⁱ⁾	8,974	9,989
Unconditional and expected to be settled after 12 months ⁽ⁱⁱⁱ⁾	2,394	0
	11,368	9,989
Total current provisions	67,977	62,431
Non current provisions		
Employee benefits ⁽ⁱ⁾⁽ⁱⁱⁱ⁾ [Note 6(a)]	19,464	44,847
Provisions related to employee benefit on costs ⁽ⁱⁱⁱ⁾	3,909	8,542
Total non current provisions	23,373	53,389
Total provisions	91,350	115,820
(a) Employee benefits and related on costs		
Current employee benefits⁽ⁱ⁾		
Annual leave entitlements	27,691	52,442
Long service leave entitlements	28,918	0
Total current employee benefits	56,609	52,442
Non current employee benefits⁽ⁱ⁾		
Long service leave entitlements ⁽ⁱⁱⁱ⁾	19,464	44,847
Total non-current employee benefits	19,464	44,847
Total employee benefits	76,073	96,450
Current on costs	11,368	9,989
Non current on costs ⁽ⁱⁱⁱ⁾	3,909	8,542
Total on costs	15,277	18,531
Total employee benefits and related on costs	91,350	115,820

Notes:

- (i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on costs.
- (ii) The amounts disclosed are nominal amounts.
- (iii) The amounts disclosed are discounted to present values.

Note 6. Provisions (continued)

	On costs 2013 \$	Leave 2013 \$	Total 2013 \$
(b) Movement in provisions			
Opening balance	19,370	96,450	115,820
Additional provisions recognised	7,113	35,421	42,534
Reductions arising from payments	(11,206)	(55,798)	(67,004)
Closing balance	15,277	76,073	91,350
Current	11,368	56,609	67,977
Non current	3,909	19,464	23,373
	15,277	76,073	91,350

Note 7. Superannuation**Government Employees' Superannuation Fund**

Employees of the entity are entitled to receive superannuation benefits and the entity contributes to defined contribution plans.

However, superannuation contributions paid or payable for the reporting period are included as employee benefits in the comprehensive operating statement of the entity.

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

Fund	Paid contribution for the year 2013 \$	Paid contribution for the year 2012 \$	Contribution outstanding at year end 2013 \$	Contribution outstanding at year end 2012 \$
Defined contribution plans:				
Victorian Superannuation Fund – Vic Super Scheme	32,551	17,890	0	0
Various other	12,434	25,249	0	0
	44,985	43,139	0	0

The bases for contributions are determined by the various schemes.

All employees of the entity are entitled to varying levels of benefits on retirement, disability or death. Contributions by the entity of a minimum of 9% of employee's wages and salaries are legally enforceable on the entity.

The above amounts were measured as at 30 June 2013 or in the case of employer contributions they relate to the years ended 30 June 2013.

Note 8. Commitments for expenditure

There are no commitments for expenditure (2012: Nil).

Note 9. Contingent assets and contingent liabilities

There are no contingent assets or contingent liabilities (2012: Nil).

Note 10. Financial instruments

(a) Financial risk management objectives and policies

The entity's principal financial instruments comprise of:

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

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect of each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to these financial statements.

The main purpose in holding financial instruments is to prudentially manage the entity's financial risks in the government policy parameters.

The entity's main financial risks include credit risk, liquidity risk and interest rate risk. The entity manages these financial risks in accordance with its financial risk management policy.

The entity uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Water Holder.

The carrying amounts of the entity's contractual financial assets and financial liabilities by category are disclosed in Table 10.1 below.

Table 10.1: Categorisation of financial instruments

	2013			2012		
	Contractual financial assets – cash and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$	Contractual financial assets – cash and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
Contractual financial assets						
Cash and deposits	2,405,240	0	2,405,240	684,355	0	684,355
Receivables ⁽ⁱ⁾						
Trade receivables	4,109	0	4,109	154,440	0	154,440
Total contractual financial assets	2,409,349	0	2,409,349	838,795	0	838,795
Contractual financial liabilities						
Payables ⁽ⁱⁱ⁾						
Trade creditors	0	1,989	1,989	0	97,431	97,431
Accrued expenses	0	64,485	64,485	0	5,444	5,444
Total contractual financial liabilities	0	66,474	66,474	0	102,875	102,875

(i) The amount of receivables disclosed excludes statutory receivables (i.e. taxes receivable) – Refer Note 4 – Receivables.

(ii) The amount of payables disclosed excludes statutory payables (i.e. taxes payable) – Refer Note 5 – Payables.

(b) Credit risk

Credit risk arises from the contractual financial assets of the entity, which comprise cash and deposits, non-statutory receivables, available-for-sale contractual financial assets and derivative instruments. The entity's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the entity. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the entity's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than Government, it is the entity's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements where appropriate.

In addition, the entity does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the entity will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

The carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Contractual financial assets that are either past due or impaired

Currently the entity does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there is no evidence to indicate that any of the contractual financial assets are impaired.

There are no contractual financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

The following table discloses the aging only of contractual financial assets that are past due but not impaired:

Table 10.2: Ageing analysis of contractual financial assets

			Past due but not impaired			
	Carrying amount \$	Not past due and not impaired \$	Less than 1 Month \$	1 month – 3 months \$	3 months – 1 year \$	1-5 years \$
2013						
Cash and deposits	2,405,240	2,405,240				
Receivables						
Trade receivables	4,109	4,109	0	0	0	0
Total	2,409,349	2,409,349	0	0	0	0
2012						
Cash and deposits	684,355	684,355				
Receivables						
Trade receivables	154,440	27,038	4,237	123,165	0	0
Total	838,795	711,393	4,237	123,165	0	0

(c) Liquidity risk

Liquidity risk is the risk that the entity would be unable to meet its financial obligations as they fall due. The entity operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution.

The entity's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk.

The following table discloses the contractual maturity analysis for the entity's contractual financial liabilities.

Table 10.3: Maturity analysis of contractual financial liabilities

			Maturity dates			
	Nominal amount \$	Less than 1 month \$	1 - 3 months \$	3 months – 1 year \$	1-5 years \$	5+ years \$
2013						
Payables: ⁽ⁱ⁾						
Trade creditors	1,989	1,989	0	0	0	0
Accrued expenses	64,485	64,485	0	0	0	0
Total	66,474	66,474	0	0	0	0
2012						
Payables: ⁽ⁱ⁾						
Trade creditors	97,431	85,069	0	12,362	0	0
Accrued expenses	5,445	5,445	0	0	0	0
Total	102,876	90,514	0	12,362	0	0

(i) The amount of payables disclosed exclude statutory payables (i.e. taxes payable) – Refer Note 5 – Payables.

(d) Market risk

The entity's exposures to market risk are primarily through interest rate risk, with only insignificant exposure to foreign currency and other price risks.

Interest rate risk

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 entity 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.

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 entity has minimal exposure to cash flow interest rate risks through its term deposits.

The carrying amount of financial assets and financial liabilities that are exposed to interest rate risk are set out in the below table:

Table 10.4: Interest rate exposure of financial instruments

			Interest rate exposure		
	Weighted average interest rate %	Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
2013					
Financial assets					
Receivables					
Trade receivables	0.00	4,109	0	0	4,109
Cash and deposits					
Term deposits	2.79	2,405,240	1,400,000	1,005,240	0
Total		2,409,349	1,400,000	1,005,240	4,109
2012					
Financial assets					
Receivables					
Trade receivables	0.00	154,440	0	0	154,440
Cash and deposits					
Term deposits	3.45	684,355	684,355	0	0
Total		838,795	684,355	0	154,440

(e) Fair value

The fair values and net fair values of financial instrument assets and financial liabilities are determined as follows:

- the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices; and
- the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The entity considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Note 11. Cash flow information

	2013 \$	2012 \$
(a) Reconciliation of cash and cash equivalents		
Funds held in trust - cash	203,240	82,355
Funds held in trust – short term deposits	2,202,000	602,000
Total cash and cash equivalents	2,405,240	684,355
Balance per cash flow statement	2,405,240	684,355
(b) Reconciliation of net result for the period		
Net result for the reporting period	1,607,295	743,168
Movements in assets and liabilities		
Decrease/(increase) in receivables	174,403	(277,508)
(Decrease)/increase in payables	(36,343)	102,875
(Decrease)/increase in provisions	(24,470)	115,820
Net cash inflow from operating activities	1,720,885	684,355

Note 12. Trust account balances

The following is a listing of trust account balances in cash, cash equivalents and investments relating to trust accounts controlled by the VEWH.

	2013 \$				2012 \$			
	Opening balance as at 1 July 2012	Total receipts	Total payments	Closing Total balance as at payments 30 June 2013	Opening balance as at 1 July 2011	Total receipts	Total payments	Closing Total balance as at payments 30 June 2012
VEWH Trust Fund	684,355	1,888,862	(167,977)	2,405,240	0	1,271,577	(587,222)	684,355
Total trusts	684,355	1,888,862	(167,977)	2,405,240	0	1,271,577	(587,222)	684,355

VEWH Trust Fund: Section 33D0 of the Water Amendment (Victorian Environmental Water Holder) Act 2010 to support the operations of the Victorian Environmental Water Holder in undertaking its functions and achieving its objectives, for the purpose of maintaining the environmental water reserve and improving the environmental values and health of water ecosystems.

Third party funds under management

No third party funds were held under management for either 2011-12 or 2012-13.

Note 13. Responsible persons

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

(a) Names

The person who held the position of responsible minister for the entity was as follows:

Minister for Environment
and Climate Change The Hon. Ryan Smith MP . . . 1 July 2012 to 30 June 2013

The persons who held the positions of commissioners forming the board of management of the entity were as follows:

Chairperson Denis Flett 1 July 2012 to 30 June 2013

Deputy Chairperson Geoff Hocking 1 July 2012 to 30 June 2013

Commissioner Ian Penrose 1 July 2012 to 30 June 2013

(b) Remuneration

The total remuneration received or due and receivable by the Accountable Officers from the entity during the reporting period was within the following ranges:

	2013 No.	2012 No.
Income band		
\$20,000 - \$29,999	2	2
\$90,000 - \$99,999	1	1
Total numbers	3	3
Total amount	\$146,874	\$146,855

Amounts relating to ministers are reported in the financial statements of the Department of Premier and Cabinet.

(c) Other transactions

Other related transactions and loans requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 14. Remuneration of auditors

	2013 \$	2012 \$
Victorian Auditor General's Office		
Audit or review of the financial statements	5,200	5,000
	5,200	5,000

Note 15. Subsequent events

The entity is not aware of any other circumstances that have arisen, or information that has become available between 30 June 2013 and the date of final approval of this general purpose financial report that qualifies for inclusion as a post balance date event.

Note 16. Glossary of terms and style conventions

Commissioner

Commissioner refers to the people appointed by the Governor in Council on the recommendation of the Minister for Environment and Climate Change.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non cancellable contractual or statutory sources.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other non-owner movements in equity.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, leave entitlements, redundancy payments, defined benefit superannuation plans, and defined contribution superannuation plan.

Financial asset

A financial asset is any asset that is:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or
- (d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- (a) A contractual or statutory obligation:
 - (i) To deliver cash or another financial asset to another entity; or
 - (ii) To exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- (b) A contract that will or may be settled in the entity's own equity instruments and is:
 - (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

Depending on the context of the sentence where the term 'financial statements' is used, it may include only the main financial statements (i.e. comprehensive operating statement, balance sheet, cash flow statements, and statement of changes in equity); or it may also be used to replace the old term 'financial report' under the revised AASB 101 (Sept 2007), which means it may include the main financial statements and the notes.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner changes in equity'.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

Assets less liabilities, which is an economic measure of wealth

Payables

Includes short and long term trade debt and accounts payable, grants and interest payable.

Receivables

Includes amounts owing from government grants, short and long term trade credit and accounts receivable, accrued investment income, taxes and interest receivable.

Supplies and services

Supplies and services generally represent cost of goods sold and the day to day running costs, including maintenance costs, incurred in the normal operations of the entity.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows within an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

Accountable Officer's and Chief Finance and Accounting Officer's declaration


The attached financial statements for the Victorian Environmental Water Holder have been prepared in accordance with Standing Direction 4.2 of 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 2013 and financial position of the entity at 30 June 2013.

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 30 September 2013.

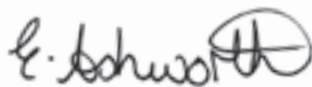
Denis Flett



Chairperson
Victorian Environmental Water Holder

30 September 2013

Elizabeth Ashworth



Executive Officer
Victorian Environmental Water Holder

30 September 2013

SECTION FIVE

Auditor-General's Report

VAGO

Victorian Auditor-General's Office

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Email comments@audit.vic.gov.au
Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Commissioners, Victorian Environmental Water Holder

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of the Victorian Environmental Water Holder which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Commissioners' Responsibility for the Financial Report

The Commissioners for 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 financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Commissioners determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commissioners, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Auditing in the Public Interest

Auditor-General's Report

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

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 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Victorian Environmental Water Holder for the year ended 30 June 2013 included both in the Victorian Environmental Water Holder's annual report and on the website. The Victorian Environmental Water Holder is responsible for the integrity of the Victorian Environmental Water Holder's website. I have not been engaged to report on the integrity of the Victorian Environmental Water Holder's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
30 September 2013


for John Doyle
Auditor-General

Appendices

Appendix 1 - Disclosure index

The annual report for the 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.

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Published by the Victorian Environmental Water Holder
Melbourne, September 2013

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Authorised by the Victorian Environmental Water Holder, 8 Nicholson Street, East Melbourne.

Printed by: Finsbury Green, printed on 100% recycled paper

ISSN 2200-9582 (Print)

The Annual Report 2012-13 is available to view or download from our website:
www.vewh.vic.gov.au

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