



ANNUAL REPORT 2013 - 2014

**EAST GIPPSLAND
CATCHMENT
MANAGEMENT
AUTHORITY**



Acknowledgement

Front cover photo - Major tributary running into the Dargo River from the Whiskey Flat/Slatey's carpark area (below the Hotham village)

Photo supplied by Scott Dizias – GK Ecological Protection Systems

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EGCMA ANNUAL REPORT 2013 - 2014

CHAIRPERSON'S REPORT	2
CHIEF EXECUTIVE'S REPORT	3
1. EAST GIPPSLAND REGIONAL CATCHMENT STRATEGY VISION	4
1.1 OUR STRATEGIC DIRECTION	4
1.1.1 <i>CATCHMENT AND LAND PROTECTION ACT 1994 (CALP ACT):</i>	4
1.1.2 <i>WATER ACT 1989 (WATER ACT) - CARETAKER OF RIVER HEALTH:</i>	4
1.2 ABOUT THE EAST GIPPSLAND REGION	4
1.3 ABOUT THE AUTHORITY	5
1.3.1 <i>BACKGROUND</i>	5
1.3.2 <i>WHAT DOES THE AUTHORITY DO?</i>	6
2. CORPORATE AND GOVERNANCE ARRANGEMENTS	7
2.1 CORPORATE PLAN PROGRESS	11
2.1.1 <i>GOVERNANCE</i>	11
2.1.2 <i>EFFICIENCY AND ORGANISATIONAL PERFORMANCE</i>	11
2.1.3 <i>EFFECTIVENESS AND ENVIRONMENTAL OUTCOMES</i>	13
3. CORPORATE PLAN GOALS	14
3.1 PROGRESS TOWARDS CATCHMENT GOALS	14
3.1.1 <i>WILLOW CONTROL</i>	14
3.1.2 <i>STOCK EXCLUSION FENCING AND REVEGETATION</i>	15
3.1.3 <i>RIVER STABILISATION</i>	16
3.1.4 <i>ENVIRONMENTAL FLOWS</i>	16
3.2 PROGRESS TOWARDS ENGAGEMENT GOALS	16
3.3 NRM PLANNING	18
3.3.1 <i>REGIONAL CATCHMENT STRATEGY</i>	18
3.3.2 <i>REGIONAL WATERWAY STRATEGY</i>	18
4. CONDITION AND MANAGEMENT OF LAND AND WATER RESOURCES IN THE REGION 2013/2014	19
4.1 INTRODUCTION	19
4.2 HIGHLIGHTS AND CHALLENGES	19
4.3 OVERVIEW OF 2013/14 VWGIF AND AUSTRALIAN GOVERNMENT MANAGEMENT ACTIVITIES IN EAST GIPPSLAND	19
4.4 MANAGEMENT IN THE GIPPSLAND LAKES AND HINTERLAND PROGRAM AREA	21
4.5 MANAGEMENT IN THE GIPPSLAND LAKES UPPER CATCHMENT PROGRAM AREA	23
4.6 MANAGEMENT IN THE FAR EAST CATCHMENT PROGRAM AREA	25
4.7 MANAGEMENT IN THE EAST COAST PROGRAM AREA	27
4.8 MANAGEMENT IN THE REGION-WIDE PROGRAM	28
4.9 MANAGEMENT OF THE GLEF IN THE GIPPSLAND LAKES HINTERLAND PROGRAM AREA	30
4.10 CASE STUDIES	32
4.10.1 <i>CASE STUDY: WILD DOG MANAGEMENT</i>	32
4.10.2 <i>CASE STUDY: SECURING PRIORITY RIPARIAN AREAS</i>	32
5. STATUTORY, FINANCIAL AND OTHER INFORMATION	33
FREEDOM OF INFORMATION	33
6. FINANCIAL STATEMENTS	37
7. AUDITOR GENERAL'S REPORT	69
APPENDIX 1	71
LIST OF USED ACRONYMS/ABREVIATIONS	73

CHAIRPERSON'S REPORT

In accordance with the *Financial Management Act 1994* I am pleased to present the Annual Report of Operations for the East Gippsland Catchment Management Authority for the year ending 30 June 2014.

Working closely with our community and government partners is a high priority of the Authority.

With this priority in mind the Authority participated in a state-wide project to establish a consistent framework for CMA Community Engagement and Partnership development. The Framework for Victoria's Catchment Management Authorities has agreed on key principles to be applied consistently around the state. The Authority has embedded these principles into our engagement and partnership development processes and plans.

An example is the recently developed East Gippsland Regional Waterway Strategy. The strategy has been endorsed by the board and submitted to Government for approval. The engagement principles have been incorporated into the strategy to ensure we continue to focus on building co-operative relationships with our partners as we endeavour to implement the strategy over the coming years.

An example of our partnership principles in action is also evidenced by the Authority's hosting of the Gippsland Lakes Ministerial Committee (GLMAC).

This involves providing corporate administrative support for all GLMAC activities, hosting the GLMAC staff and administering all Gippsland Lakes Environment Funds (\$10M over 4 years) on behalf of the Victorian Government.

Regional Agency partnerships and role definition has also been a continued focus this year through establishing a Regional Operating Agreement. The agreement is now signed by all parties and clarifies lead agency responsibilities between the Catchment Management Authority, Department of Environment and Primary Industries and Parks Victoria.

Our board values the strong relationship between ourselves, our partners, our staff and our community and thanks everyone who was involved in the significant outcomes achieved this year.



Dr Peter Veenker
Chairperson

CHIEF EXECUTIVE'S REPORT

The Authority has completed a very successful year of operations in an environment significantly different because of changed weather conditions. We have encountered both wet periods with resultant flooding and significant fire; particularly in the Mitchell, Snowy and Brodribb catchments.

Despite delays caused through issues of access and safety by these events the Authority has delivered our on-ground works program to time and budget.

The Authority is now at 96% achievement of our combined willow control goals in the region.

The fencing goals for the Mitchell and the Snowy have been exceeded and the Authority continues to work with landholders on the Nicholson, Bemm and Far East Rivers to exclude stock from these rivers in priority areas.

The Authority has also begun implementing an environmental flow monitoring plan for the Victorian reach of the Snowy River in partnership with the Victorian Environmental Water Holder and the Arthur Rylah Institute. This program will enable the Authority to meet its responsibility from the Gippsland Region Sustainable Water Strategy (2011) to evaluate the effects of environmental flow releases from the Snowy Mountains Hydro-electric Scheme to the Snowy River on the Victorian reach of the river.

The Authority employed 26 (21.6 EFT) staff and funded a program of \$10.7M. The Authority directly delivered a program of \$7.0M and \$3.7M was delivered through partners. Increasing the number of partnerships created in delivering our on-ground works continues to be a key focus of our ongoing engagement programs.

Over the past twelve months the Authority conducted over 900 engagement activities involving about 3,500 people.

It is the involvement of the many varied community people and groups that help extend our reach beyond government effort alone. I would like to take this opportunity to thank the Authority board, staff and our many partner organisations and community individuals who have worked together to deliver on our priorities this year.



Graeme Dear
Chief Executive Officer

1. EAST GIPPSLAND REGIONAL CATCHMENT STRATEGY VISION

The Regional Catchment Strategy Vision for East Gippsland states:

The 2033 Environment

A rich, biologically diverse region, managed on sound scientific principles in a way that responds to the values and needs of its human communities; a place where residents and visitors alike respect and conserve its natural wealth, as the foundation of their well-being; a place whose people, acting for all Australians, accept collective responsibility for the region's future.

1.1 OUR STRATEGIC DIRECTION

Our strategic direction is enshrined in the Regional Catchment Strategy (RCS). The roles and responsibilities of the Authority in achieving the RCS vision are set out in governing legislation. The major functions are:

1.1.1 Catchment and Land Protection Act 1994 (CaLP Act):

Coordinating the Regional Catchment Strategy and supporting plans

We complete the RCS and associated action plans in partnership with regional stakeholders and the community. We also oversee implementation, monitoring and evaluation.

Community Engagement

We help build government and community cooperation in maintaining our natural resources.

1.1.2 Water Act 1989 (Water Act) – Caretaker of River Health:

On-ground river health works

We oversee river health works guided by the Regional River Health Strategy through our own contractors, partner agencies and organisations.

Statutory Functions

We authorise works on waterways via a waterway works permit and assess planning referrals on floodplains.

Community Engagement

We help build government and community cooperation in maintaining and improving the health of our rivers.

1.2 ABOUT THE EAST GIPPSLAND REGION

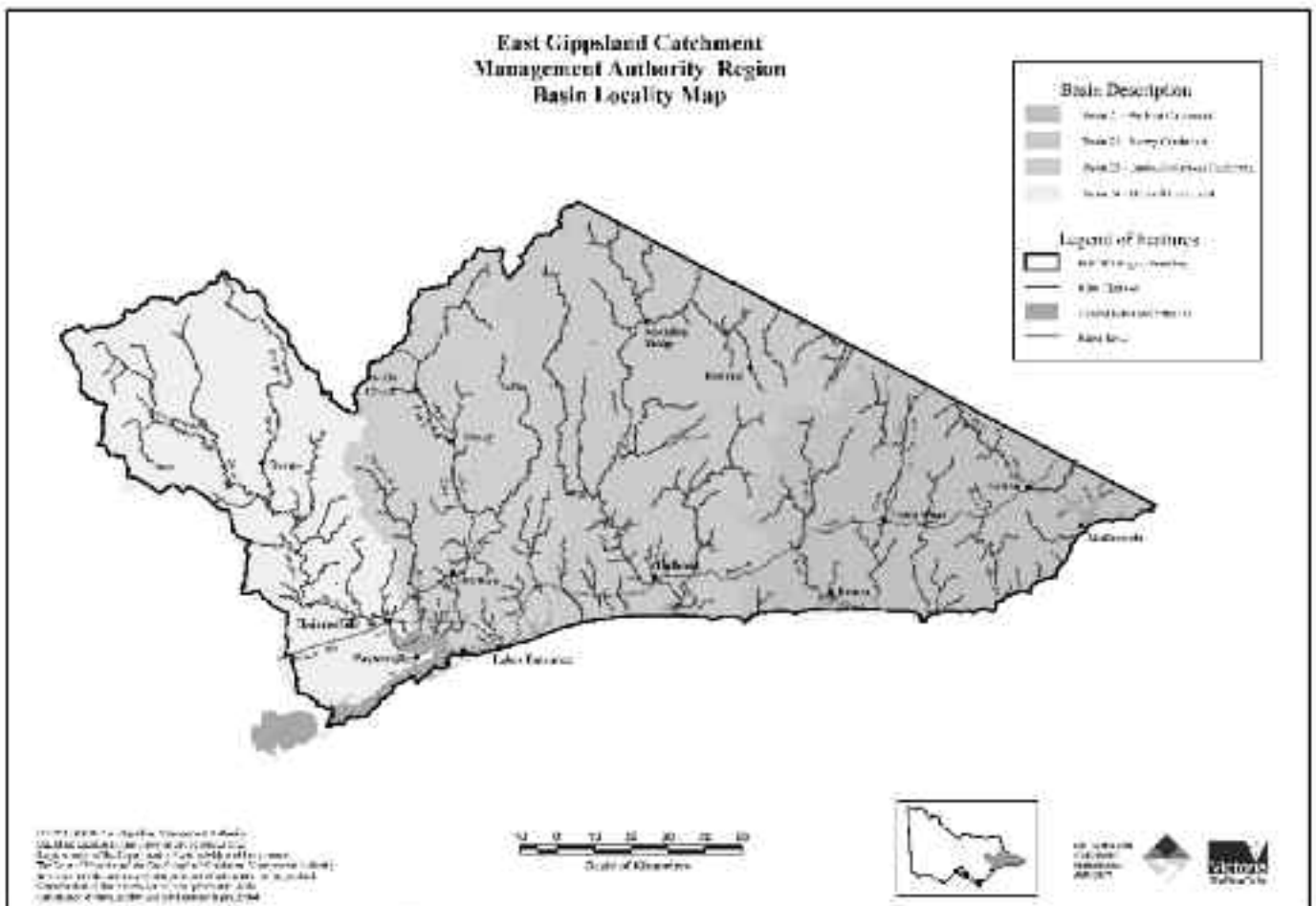


Figure 1. The East Gippsland Catchment Management Region

The East Gippsland Catchment Management Region (Figure 1) covers 2.2 million hectares of land, lakes, and coastal waters out to 5.5 kilometres from shore, in the eastern-most part of Victoria. It is entirely south of the Great Dividing Range and includes the catchments of streams from the Mitchell River eastwards. The region covers about ten per cent of Victoria.

The region includes most of the East Gippsland Shire, the northern part of the Wellington Shire, and that part of the Alpine Shire south of the Great Dividing Range. It abuts the Rural City of Wangaratta and the New South Wales Shires of Snowy River, Bombala, and Eden Valley.

The Victorian Alps and mountains of the Great Dividing Range extend from the west to east across the northern boundary of the region. Foothills, lowland forests and coastal complexes to the south also extend from west to east, while rivers generally run north to south through the region, dissecting these landforms. Some catchments, such as the Mitchell, Tambo, Snowy and Cann River include deep, mid-catchment, mountain basins which have been extensively cleared for dry land agriculture.

Major land uses and industries include conservation, agriculture, tourism, native forestry, plantation forestry and fisheries. About 80% of the land in the region is in public ownership, mainly as State Forests or National Parks.

Most freehold land is used for farming, ranging from large commercial enterprises to small 'rural residential' properties. Cities and towns occupy a small proportion of land in the region.

Some of the important features of East Gippsland are:

- The Gippsland Lakes, which have significant environmental, social and economic value and are sited on the Ramsar Convention on Wetlands of International Importance;
- Its array of streams, especially the wild rivers, including the iconic Snowy River and Victoria's biggest unregulated stream, the Mitchell River;
- Its long coastal reach with undeveloped estuaries, ocean beaches and spectacular headlands;
- Its mountains and forests, which provide great scenery, clean air, clean water, recreational opportunity and forestry products;
- Its scenic and productive farming lands, especially in the river valleys; and,
- Its living wealth in the form of native plants and animals, some of which occur only in this region.

The Mitchell, Tambo, and Snowy Rivers have substantial alluvial floodplains in their lower reaches containing the region's highly productive irrigation areas, including the Lindenow, Bruthen and Snowy Flats, which are used intensively for horticulture, dairying, and cattle production.

The 'Red Gum Plains' are located in the south-west of the region, and extend from Bairnsdale to the Perry River in the west. As the name suggests the area was originally covered by Red Gums and native grasses, but is now used predominantly for dry land agriculture. The plains are noted for their dwindling areas of high value remnant Red Gum woodlands.

A complex of dunes and coastal vegetation extends along most of the coastline inclusive of amongst the best wetlands and estuarine systems in the state. The region includes the area of ocean out to three nautical miles from the coast which contains significant marine national park areas such as Beware Reef.

1.3 ABOUT THE AUTHORITY

1.3.1 Background

The East Gippsland Catchment Management Authority (the Authority) was established under the CaLP Act. The responsible Ministers during the 2013/2014 reporting period were The Hon Ryan Smith MP, Minister for Environment and Climate Change and The Hon Peter Walsh MLA Minister for Water. Catchment Management Authorities (CMAs) also have specific functions under the Water Act and are accountable to The Hon Peter Walsh MLA Minister for Water for these functions. The CMAs were established to provide for the integrated management of land, biodiversity and water resources within their region.

The Authority consists of:

- A Board, responsible for strategic direction of natural resource management in the Region;
- Several formal Advisory Groups consisting of local community members and Agencies with a range of backgrounds and experience in natural resource management;
- A Chief Executive Officer reporting directly to the Board and managing the day-to-day activities of the Authority; and,
- The staff.

1.3.2 What does the Authority do?

Responsibilities under the CaLP Act and Water Act are summarised below:

Coordinating the Regional Catchment Strategy and Supporting Plans

Responsibilities under the CaLP Act include providing government with the collective strategic views of this region, which takes account of state and federal policy under the framework of the RCS and associated action plans.

In delivering the RCS, the Authority seeks to maximise the impact and coordination of on-ground work by supporting agencies, individuals and community groups.

The Authority disseminates Government policy and information to the community of East Gippsland and acts as a conduit for government investment into the region for Natural Resource Management (NRM) activities and projects.

Caretaker of River Health

The Water Act establishes the Authority as caretaker for the rivers of East Gippsland. This means planning and delivering on-grounds works designed to maintain or improve the health of our rivers. This is the only NRM on-ground works area for which the Authority has direct responsibility; most works undertaken within the riverbanks are completed under some form of Authority supervision or approval.

There are a number of statutory activities for which the Authority is directly accountable including licensing works on waterways and planning referrals on floodplains. The Authority is also responsible for establishing and monitoring the Environmental Water Reserves for all our rivers. Advice and information on other river health related issues including comment on farm dam applications and input to strategies and plans being developed by other agencies and stakeholders is also provided.

2. CORPORATE AND GOVERNANCE ARRANGEMENTS

Authority Board

The Board is responsible for:

- Setting the strategic goals, objectives and performance targets of the Authority in conjunction with management and government (Corporate Plan);
- Ensuring resources are available to achieve these goals, including approving annual budgets and long term financial and capital management plans;
- Appointing the Chief Executive Officer (CEO), setting CEO remuneration, assessing CEO performance annually and providing for CEO succession;
- Reviewing the performance of the Authority;
- Identifying and monitoring major risks as well as reviewing and ratifying systems of risk management and internal compliance and control;
- Establishing and reviewing the Terms of Reference of all Committees of the Board; and,
- Ensuring appropriate delegation of authority.

Board Members

Member	Meeting Attendance
Dr Peter Veenker (Chairperson)	6 of 6
Ms Helen Bull **	0 of 1
Mr William Bulmer	4 of 6
Mr John Groom	6 of 6
Mr Ross Ingram***	4 of 6
Mr Kenneth Norris*	2 of 3
Mr Neville Penrose**	1 of 1
Mr Richard Robertson ****	3 of 5
Dr Nicola Watts**	1 of 1
Mrs Kate Young	5 of 6

*Mr Ken Norris resigned his position effective 31/12/2013

**Mr Neville Penrose, Ms Helen Bull and Dr Nicola Watts board member terms expired 30/09/2013

*** Mr Ross Ingram - board term was not consecutive through the reporting period (1/07/2013 – 30/09/2013 and 14/10/2014 – 30/06/2017)

**** Mr Richard Robertson appointed 14/10/2013

The following Committees report to the Board:

Audit and Finance Committee

The committee consists of the following members:

- Mr Ken Jones (Convenor & Independent Member)
- Mr John Groom
- Mr Ross Ingram
- Mr John Williams (Independent Member)

The committee's responsibilities include monitoring and oversight of:

- Financial performance and the effectiveness of the financial reporting process, including performance against the annual budget, the annual financial statements and all other internal controls;
- The scope of work, performance and independence of internal audit;
- Ratifying the engagement and dismissal by management of any chief internal audit executive;
- Review the operation and implementation of the risk management framework;
- The sign off of finance, risk and related policies;
- The Authority's process for monitoring compliance with laws and regulations and Codes of Financial Practice;
- In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the internal and external auditors; and,
- To perform his or her role effectively, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Authority's business, operations and risks by undertaking appropriate due diligence.

Communications and Engagement Committee

The committee consists of the following members:

- Mrs Kate Young (Convenor)
- Dr Peter Veenker
- Dr Nicola Watts**
- Mr Frank O'Connor (external member)

The committee's responsibilities include:

- Overseeing annual review of the Board Engagement Plan and recommend the completed plan to the Board for endorsement;
- Oversee implementation of the Board Engagement Plan; and,
- Oversee production of the Annual Report.

Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) Reference Group Committee

The committee consists of the following members:

- Mr Leo Hamilton (Convenor and external member)
- Mr William Bulmer
- Nominees from GLaWAC

The purpose of the GLaWAC Reference Group is to provide a forum for sharing information and ideas of mutual interest to the two organisations. The Reference Group will provide an avenue to coordinate dialogue and projects between the GLaWAC and the Authority.

Lands Programs Committee

The panel is skills based and comprises a broad cross section of community interests. The members are:

Mrs Katrina Simpson (Convenor and Community Member)

Mr Norm Wilkinson (Deputy Chairperson and Community Member, Landcare)

Dr Nicola Watts**

Mr Neville Penrose**

Mr Andrew Brown (Community Member)

Mr Stephen Henry (Department of Environment and Primary Industries)

Cr Michael Freshwater (East Gippsland Shire Council)

Mr Eric Sjerp (Community Member)

Ms Yasmin Aly (Parks Victoria)

Mr Wayne Burton (Department of Environment and Primary Industries)

The Land Programs Committee is responsible for:

- Recommending prioritisation and/or endorsement of all Land Program proposals to the Authority; and,
- Reviewing all large scale programs and targets proposed by the Program Working Groups (PWGs) for recommendation to the board.

Occupational Health and Safety Committee

The committee consists of the following members:

Mr Graeme Dear (Convenor)

Mr Ken Judd

Mrs Joanne Jones

Mrs Amanda Bartkowski

Mr Peter Brooks#

Mrs Blaithin Ni Ainin# #

#Peter Brooks resigned his position 20/01/2014

##Blaithin Ni Ainin resigned her position 15/05/2014

The committee's responsibilities include:

- Involving management and employees in the formulation and implementation of health and safety standards in the workplace; and,
- Communication and consultation with all staff.

Remuneration Committee

The committee consists of the following members:

Dr Peter Veenker (Convenor)

Mr John Groom

Dr Nicola Watts**

Ross Ingram

The committee's responsibilities include:

- Overseeing the performance review, remuneration and personal development of the CEO.

Regional Waterway Strategy Committee

The committee consists of the following members:

Mr Neville Penrose** (Convenor and External member)

Ms Helen Bull**

Mr Bill Bulmer

Mr Ross Ingram

The committee's responsibilities include:

- To oversight development of the Regional Waterway Strategy consistent with the development plan approved by the board in December 2012.

The RWS committee completed its work in accordance with the Terms of Reference (TOR) in April 2014.

Lindenow Valley Water Security

The committee consists of the following members:

Mr Ross Ingram (Convenor)

Mr Bill Bulmer

Mr Graeme Dear

The committee members are ministerial appointments to a broader committee (The Lindenow Valley Water Security Committee) established by the Minister for Agriculture and Water to investigate options for providing improved water security for Lindenow Irrigators.

Responsibilities include:

- Ensuring the board is kept informed of the dealings of the ministerial committee progressively through the project.

The Lindenow Valley Water Security committee completed its work in accordance with the Terms of Reference (TOR) in February 2014.

Green Team Committee

The committee consists of the following members:

Mr Rick Davies (Convenor)*****

Mr Richard Robertson

Mr Clint Bain

Ms Helen Bull**

Mr Ian Hearn

Mrs Sharon Williams

***** Mr Rick Davies resigned his position from the Authority on 20/06/2014

Responsibilities include:

- Developing and implementing the Authority's Environmental Resource Smart Strategy.

Executive Function

Manages the Authority day to day on behalf of the Board and is responsible to the Board for delivery of the Corporate Plan.

Chief Executive Officer: Graeme Dear

Corporate and Program Unit

This unit is responsible for providing Corporate Services to the Authority as well as the delivery of the Authority's program through the Water and Land Teams.

Corporate Services includes financial management, risk management, human resources and payroll, information technology and management and administrative support.

The Water Team implements the Authority's program of waterway works and fulfils its responsibilities as Caretaker of River Health. The Land Team coordinates project activities with partner agencies on land based objectives. This unit manages the State and Commonwealth funding rounds and coordinates the monitoring, evaluation and reporting obligations of the Authority.

Manager: Rick Davies

EGCMA ANNUAL REPORT 2013 - 2014

NRM Strategy and Planning Unit

This unit provides leadership in the natural resource management strategy and plan development responsibilities of the Authority. Central to the unit is development of the Regional Catchment Strategy and all linking strategies and

plans required to be prepared by the Authority from time to time.

The unit is the focal point for provision of technical support to the Board, Authority staff and other government agencies, principally on matters relating to the Regional Catchment Strategy and will be

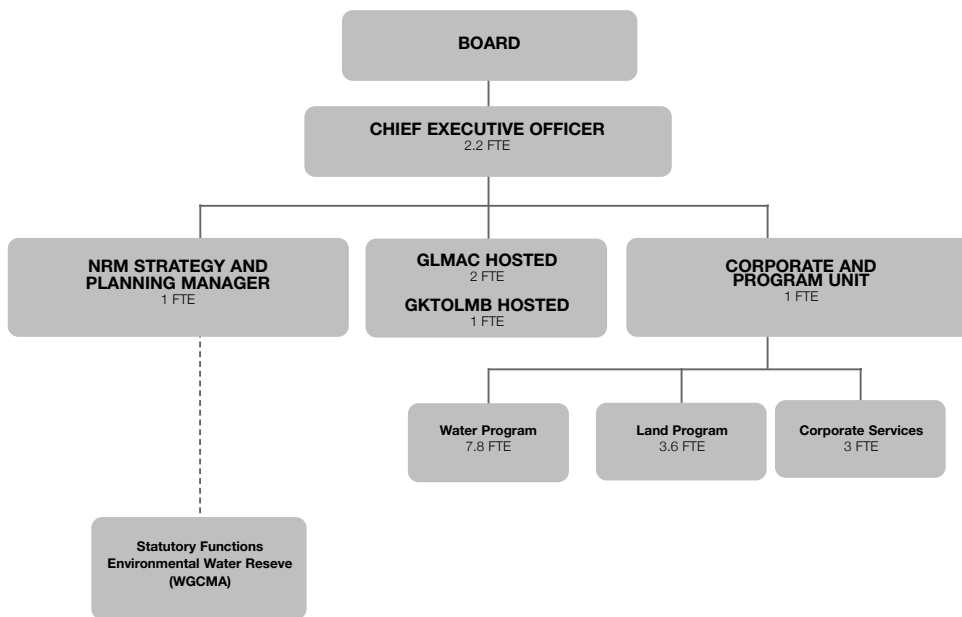
responsible for all statutory and licensing functions referred to the Authority under the Water Act and CaLP Act.

Manager: Rex Candy

EMPLOYMENT AND CONDUCT PRINCIPLES

The *Public Administration Act 2004* specifies a number of employment and conduct principles that must be observed by public sector organisations and their employees.

The Authority is committed to the principles of equal employment opportunity (EEO). Employment decisions are based on merit where employees are treated fairly and reasonably and have appropriate avenue to redress against any unfair and unreasonable treatment. The Authority recruits, promotes and trains employees on the basis of merit and open competition without prejudice or discrimination.



Workforce Data

The Authority's philosophy of cost control and project delivery through partners is further demonstrated in our workforce data. Total staffing at June 30 2014 was 21.6 FTE. The breakdown of staff numbers for the Authority at the end of 2012/13 compared to 2013/14 is as follows:

Full Time Equivalent	2013/14	2012/13
Executive Officers	3	3
Managers	2	3
Corporate Services	3	3
Program Staff	10.6	11.6
Hosted Employees	3	2
TOTAL	21.6	22.6
Full Time Equivalent		
Male	12.8	12.4
Female	8.8	8.2
TOTAL	21.6	20.6
Full Time Equivalent		
Ongoing	19.6	17
Fixed Term	2	3.6
TOTAL	21.6	20.6

2.1 CORPORATE PLAN PROGRESS

The Authority's Corporate Plan outlines the Key Performance Areas, Performance Indicators and Targets consistent with the Statement of Obligations issued by the Minister on 20th June 2007 under the *Catchment and Land Protection Act 1994*.

The following tables reflect those obligations and reports on the Authority's performance against both statements.

2.1.1 Governance

Performance Area	Performance Indicators	Targets	Progress
Board performance	Complete and submit an annual board performance assessment report, according to any guidelines issued	By 31 August annually	Completed August 2013
	Participation by board members in development activities	All board members participate in development activities	Ongoing as part of the board development plan
Board charter	Develop and implement a board charter	The board charter is reviewed (and if necessary, amended) by 30 June annually	Completed December 2013
Risk and financial management	Compliance to risk management plans for each program	All programs have risk management plans in place	Completed
		Nil non compliances with risk management plan	Nil non-compliances
Policies and procedures	Regular review of policies and procedures	Each policy and procedure is reviewed at least every five years	All policies and procedures reviewed during 2013/14

2.1.2 Efficiency and organisational performance

Performance Area	Performance Indicators	Targets	Achievement Reporting
Grant Management	Administration costs of grants are minimised	10 per cent or less of grant funds is spent on administration	Nil administration costs applied to all grants
	Minimise time taken to determine grant applications	Grant applications are determined within one month of being received	Achieved

2.1.2 Efficiency and organisational performance (continued)

Performance Area	Performance Indicators	Targets	Achievement Reporting
Regulatory waterway/water functions	Number of days to process works on waterway permits	Not more than 20 working days	Average number of working days to process permits : 14.8 Number of permits that took more than 20 working days to process: Nil
	Number of days to process referrals for any works on or in relation to a dam	Not more than 20 working days	Nil applications
	Number of days to process referrals from local government on flooding and controls on planning scheme amendments, and planning and building approvals	Not more than 20 working days	Average number of working days to process referrals: 8.6 Number of referrals that took more than 20 working days to process: Nil
	Number of days to process enquiries from local government and the community on flooding	Not more than 20 working days	Average number of working days to respond to enquiries: 7.9 Number of enquiries that took more than 20 working days to process: Nil
	Number of days to process referrals for Water Use Licences that don't meet the standard water-use conditions	Not more than 20 working days	Nil applications
	Number of days to process enquiries from Rural Water Corporations on irrigation and drainage plans and seasonal adjustments to annual use limits	Not more than 20 working days	Nil applications
	Number of days to process enquiries from Rural Water Corporations issuing Take and Use Licences	Not more than 20 working days	Nil applications

2.1.3 Effectiveness and Environmental Outcomes

Performance Area	Performance Indicators	Targets	Achievement Reporting
Integrated River Health Management	Revise Regional River Health Strategy to plan for waterways in relation to their economic, social and environmental values	Regional River Health Strategy revised every six years	New strategy endorsed by board June 2014
	Develop and revise Environmental Operating Strategies and Annual Watering Plans to manage the environmental water reserve in accordance with objectives	N/A	N/A
	Implement annual river health programs and activities to improve environmental values and health of water ecosystems	All annual river health targets and works programs achieved	Achieved
Regional Catchment Strategy (RCS) Implementation	Complete and submit the developed or revised RCS according to any guidelines, standards and related information issued	Submit the developed or revised RCS by the due date as required in any guidelines, standards and related information issued	Not required in 2013/14
	Percentage of RCS annual actions implemented	All RCS annual actions implemented	100%
Regional Native Vegetation Plan (RNVP) implementation	Percentage of RNVP annual actions implemented	N/A	N/A
Invasive plant and animal management	Regional Invasive Plant and Animal Strategies incorporating related priorities in all land tenures in the region	Invasive Plant and Animal Strategies revised by 30 June every five years	Not required in 2013/14
Regional and statutory planning	Provide advice on dryland salinity, irrigation management, soil erosion, or any other land management issue identified in the local Municipal Strategic Statement as the referral body	N/A	N/A
Salinity management	Implementation and periodic review of Regional Salinity Management Plans (RSMP) and Land and Water Management Plans (LWMP)	N/A	N/A
	Progress against annual action targets	N/A	N/A
	Develop regional salinity targets and corresponding works programs in accordance with the Murray Darling Basin Salinity Agreement (for applicable CMAs only)	N/A	N/A
	Annual report on the allocation and update of salt disposal entitlements submitted to the responsible Minister	N/A	N/A
Regional Landcare groups, networks and other community groups	Deliver the Regional Landcare Support Strategy, including coordination of Landcare at a Regional scale	Evaluate and revise the strategy every five years	Not due for review until 2014/15

3. CORPORATE PLAN GOALS

Under the Water Act the Authority has a responsibility as the 'caretaker of river health' for the implementation of the East Gippsland Regional River Health Strategy.

The intent of the River Health Strategy on-ground works priorities is captured in the Authority's catchment goals. These do not describe all planned works, but instead set targets for mitigating the key threats to rivers across East Gippsland

and help form the strategic framework for the Authority's on-ground works programs.

The board regularly monitors and reviews the catchment goals to ensure they are still relevant.

The Authority has completed the East Gippsland Draft Waterway Strategy and is currently developing new catchment goals to reflect this strategy. The new goals will be reported in the 2014/15 Annual Report.

required to control willows with on average a 90% kill rate for each treatment. The Authority is now at 96% achievement of our combined catchment goals in the region.

In the Mitchell basin, the Authority continued to control seeding willows in the upper catchment of the Dargo and Wongungarra. The willow control and removal program in the Dargo Township focused on consolidating previous works and rehabilitating these sites.

The Authority continued to maintain the main stem of the Tambo River as a willow free system. Willow control was also carried out in tributaries flowing into the Tambo, including Swifts and Riley's Creeks, this work will reduce the spread of willows and re-infestations.

The Snowy basin was once again maintained as a willow free system, the Authority is working closely with partners to control willows in the upper catchments, including the Deddick, Delegate, Bonang and Bendoc Rivers. The Authority will carry out an investigation and control of willows in areas that were burnt in the summer 2014 bushfires.

Willow control was undertaken on the remote coastal streams in the Far East, including the Thurra and Wingan Rivers and Reedy Creek. Only several willows were located and controlled on these waterways.

3.1 PROGRESS TOWARDS CATCHMENT GOALS

The Catchment Goals are as follows:

We will achieve the following Catchment goals:

1. The willow control works completed in the Mitchell River by June 2009, will be consolidated as free of willows. An additional 50km above the Glenaladale off-take will be fenced from grazing stock and revegetated.
2. The Tambo and feeder streams will be free of willows above Ramrod Creek.
3. The Nicholson and feeder streams will be free of willows and have a continuous riparian zone between the Princes Highway Bridge and the Great Alpine Road fenced from grazing stock.
4. The Snowy catchment will be free of willows from the Victorian headwaters to the Jarrahmond Gauge. The floodplain reach will have a continuous riparian zone from the Jarrahmond gauge to the estuary fenced from grazing stock.
5. The Bemm River will be free of willows and fenced from grazing stock.
6. The Cann River channel will be stabilised in the floodplain reach. All reaches above Weeragua and below the Princes Highway Bridge will be free of willows.
7. All rivers east of the Cann will be free of willows and fenced from grazing stock.
8. Environmental Water Reserves will be established for all waterways in East Gippsland.

3.1.1 Willow Control

Willow infestations are a key threat to the river systems in East Gippsland affecting river stability, flows, water quality and the condition of the riparian vegetation. They have a major impact on reducing biodiversity values both in-stream and riparian. This year the program focused on consolidating previous willow control

works to minimise re-infestation and reduce further spread.

Nearly all targeted rivers have had a primary treatment undertaken. The secondary and tertiary passes are completed over several years to maintain the balance from a willow dominated environment to a native vegetation environment. Three treatments are

Table 1: Catchment Goals 2004-2014 Willow Treatments

Catchment Goal	Description	Total River Length (Km)	First Treatment (Km)	Second Treatment (Km)	Third Treatment (Km)	% Complete
1	Mitchell River	729	687	718	205	94
2	Tambo River	201	201	201	165	100
3	Nicholson River	104	91	82	36	86
4	Snowy River and Tributaries	712	712	712	712	100
5	Bemm River	173	173	69	12	94
6	Cann River	119	106	100	20	88
7	Rivers east of Cann River	302	302	158	127	95
Total		2,340	2,272	2,040	1,277	96

3.1.2 Stock Exclusion Fencing and Revegetation

Stock exclusion fencing is required to remove the threat of stock impacting on the condition of riparian areas and instream habitats. Stock exclusion is often followed up with revegetation to rehabilitate riverbanks and riparian habitat.

This year the Authority has focused on fencing in the Mitchell, Tambo, Bemm and Combienbar Rivers. This work has linked frontages with public land and existing frontage fences, extending riparian corridors.

The fencing goals for the Mitchell have been surpassed, the Snowy goal is achieved; and the Authority continues to

work with landholders on the Nicholson, Bemm and Far East Rivers to exclude stock from these rivers.

The Authority is committed to the Securing Priority Riparian Areas program and is actively negotiating with partner landholders to secure sites for stock exclusion fencing.

Table 2: Catchment Goals Fencing 2004-2014

Catchment Goal	Target Length (Km)	Length Fenced (Km)	% Complete
1 Mitchell River an additional 50kms fenced from grazing stock	50	56	112
3 Nicholson River fenced between the Princes Highway bridge and the Great Alpine Road	22	9	39
4 Snowy River fenced between the Jarrahmond gauge to the estuary	56	56	100
5 Bemm River fenced from grazing stock	106	36	34
7 All rivers east of Cann River fenced from grazing	114	55	48

Table 3a: Nicholson Catchment Goal Revegetation 2004-2014

Catchment Goal	Length requiring Revegetation (Km)	Length Revegetated (Km)	% Completed
3 Nicholson River continuous riparian zone between Princess Highway bridge and Great Alpine Road	11.8	4	34

Table 3b: Snowy Catchment Goal Revegetation 2004-2014

Catchment Goal	Total River Length (Km)	First Treatment (Km)	Second Treatment (Km)	Third Treatment (Km)	% Complete
4 Snowy floodplain reach will have a continuous riparian zone from Jarrahmond Gauge to the estuary	56	56	56	56	100

The Snowy revegetation program is now in a maintenance phase. The Authority continues to work closely with Moogji Aboriginal Council to control weeds and infill plant, encouraging and complementing natural regeneration along the lower Snowy River.

Additional fencing between the bridges on the Nicholson River was not achieved this year. The Authority continues to work with the remaining landholders to secure riparian frontages between the Princes Highway and the Great Alpine Road.

3.1.3 River Stabilisation

The Authority continues to increase the bed and bank stability of the Cann River by revegetating and controlling weeds to encourage regeneration. The stabilisation works in place will reduce deepening of the channel and provide an opportunity for vegetation to establish, increasing channel resilience and resistance.

3.1.4 Environmental Flows

Securing environmental flows for rivers in the region is vital to maintain the health of rivers, wetlands and estuaries. The majority of the rivers in the region with the exception of the Snowy and Nicholson are unregulated, meaning they maintain their natural seasonal flow patterns. A Sustainable Water Strategy is in place for Gippsland to strategically guide management of our water resources.

This year the Authority has prepared an Environmental Watering monitoring plan for the Victorian reach of the Snowy River. The plan is in the first year of implementation and has involved the design and implementation of an estuarine monitoring and investigation program.

3.2 Progress Towards Engagement Goals

Each year the Authority reviews and renews an engagement plan to help guide activities for the following year. The plan contains a number of key engagement goals to help steer progress:

- Increase community awareness and satisfaction;
- Conduct effective engagement activities;
- Increase participation with stakeholders;
- Manage enquiries promptly and accurately;
- Stimulate knowledge and attitude change; and,
- Identify key NRM issues to inform strategies.

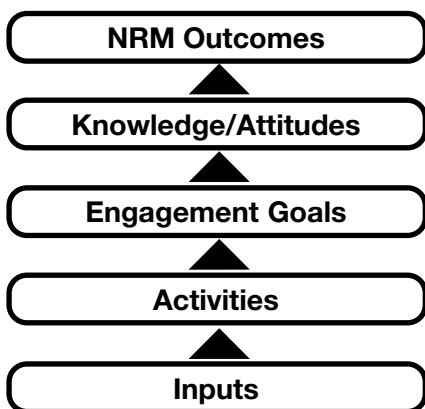
The Engagement Plan incorporates the Community Engagement and Partnerships Framework for Victoria's Catchment Management Authorities that states 5 key principles which underpin our approach to community engagement and the establishment and management of our partnerships. The principles are as follows:

1. We will embed community engagement and build partnerships in all that we do.
2. Our people will be actively supported to engage communities and to build partnerships.
3. Our community engagement and partnership approaches will be planned, tailored, targeted and evaluated.
4. We will provide meaningful opportunities for our communities and partners to contribute to strategies and initiatives; and,
5. We will work transparently and respectfully with our communities and partners, and establish clear roles and expectations.

The Authority recognises that achieving our catchment goals will require significant levels of engagement to ensure the community understand our strategic direction and are given a chance to get involved. The Authority utilises the Bennett's Hierarchy approach (Source: Bennett, C.; and K. Rockwell -1995) to measure how we are progressing. The Bennett's Hierarchy approach assumes inputs such as investment and skills contribute to the conduct of a wide range of activities. These activities support the engagement of the community and environmental improvement such as securing riparian frontages and controlling weeds. The development of knowledge and attitudes from this process contributes to sustainable improvement in the condition and management of our natural resources (NRM Outcomes).

This 2013/14 engagement data measures the first four levels of the hierarchy and reflects our focus and effort in this area of our activities. The Authority has greater emphasis on the quality of our engagement activities (Graph C) over the number (Graph A). We have learnt that good quality engagement has a greater value than seeking gross numbers at a lesser quality standard (Graph B). Therefore, the Authority continues to aim for events aimed at attracting larger numbers to hear a general message and targeting partners who can make a real contribution to improved asset condition. This year we have also reported on landholders views of the catchment goals (Graph D). Landholders perceptions of the catchment goals can, and have changed over the years. This can be for a myriad of reasons, for example, seeing the changes and benefits in the on-ground works.

Figure 2. A Bennett's Hierarchy framework for the Authority's achievement of outcomes.



Achievement of the Engagement Goals using Bennett's Hierarchy

Inputs

The Authority employed 26 (21.6 EFT) staff and funded a program of \$10.7M. The Authority directly delivered a program of \$7.0M and \$3.7M was delivered through partners.

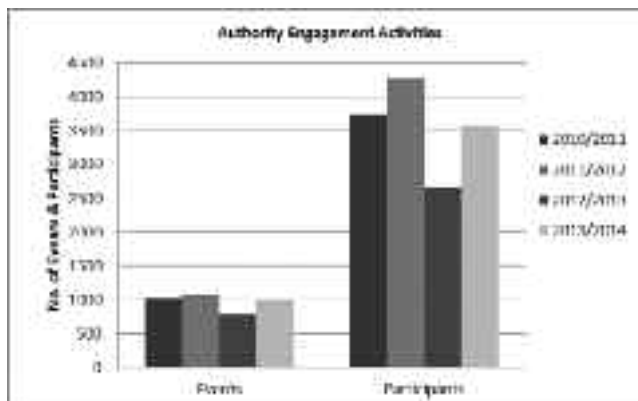
Activities

Over the past twelve months the Authority has conducted over 900 engagement activities (Graph A) involving over 3,500 people.

Some of those activities are categorised as follows:

- Communication and liaison with government agencies to develop and implement strategy;
- One on one engagement with landholders including site visits;
- Education and up-skilling of landholders and stakeholders to improve the capacity and efficiency of on-ground works;
- Community, education and promotional events;
- Significant links to community organisations, government departments, and NGOs to deliver on-ground works; and,
- Media and publicity including newspaper articles, signage and radio interviews.

Graph A¹ –The number of events conducted and the individuals engaged by the Authority between 2010/11-2013/14.



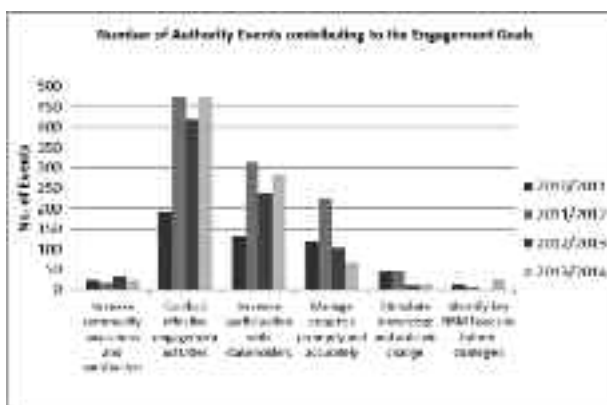
¹ Source: Authority's Assessing Community Engagement (ACE) database.

Engagement

The spread of activities continued the focus on broad participation with our stakeholders. The figures in Graph B reflect this focus.

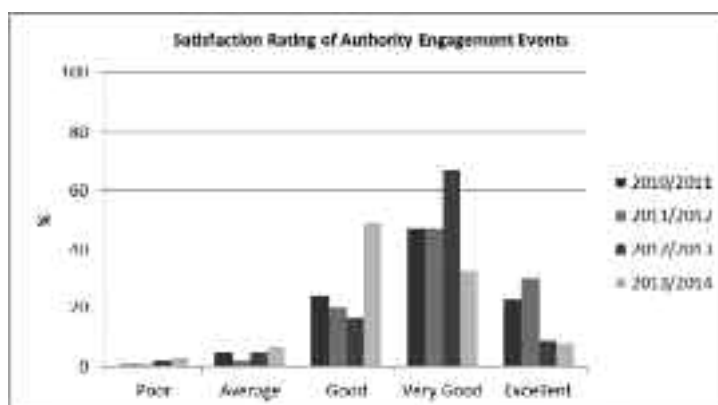
The Authority has continued to gather data demonstrating improved landholder attitudes towards river health works through targeted engagement.

Graph B – Events conducted by the Authority that are achieving the engagement goals



Each activity is rated from poor to excellent based on evidence of participant's satisfaction and also the perceived success in delivering the Authority's goals (Graph C). The ratings are designed as a learning tool in review processes with individual staff and functional areas.

Graph C – The quality of engagement activities conducted by the Authority



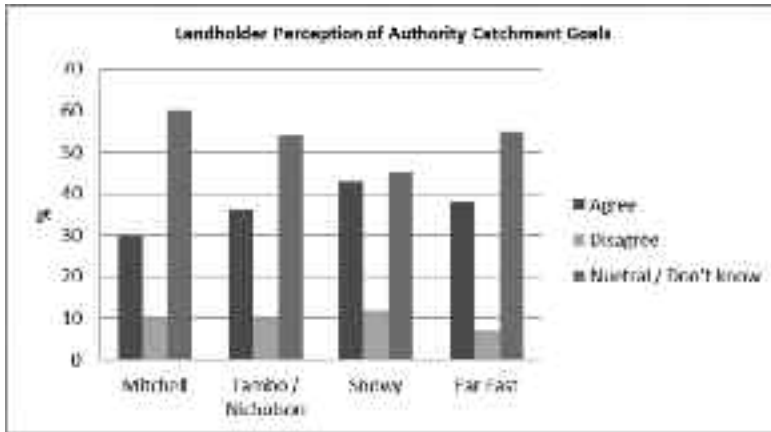
Knowledge / Attitude

The Authority has captured the views of individual landholders to understand their perception of the catchment goals

(Graph D). The current catchment goals are now at the end of their life and the Authority is developing new goals drawn from the revised East Gippsland

Regional Waterway Strategy. In many cases landholders are engaged repeatedly over the years; their perception can change over time.

Graph D – Landholder perceptions of the catchment goals within each basin



3.3 NRM Planning

3.3.1 Regional Catchment Strategy

The East Gippsland Regional Catchment Strategy (RCS) was renewed in 2013, and applies for the six year period 2013 to 2019. The 2013 RCS is the third for East Gippsland; the first was published in 1997, the second in 2005.

The Authority's focus on the RCS in 2013/14 has been establishing arrangements for its implementation. Program Working Groups (PWGs) have been established for each of the four RCS Landscape areas:

- Gippsland Lakes and Hinterland;
- Gippsland Lakes Upper Catchment;
- East Coast; and,
- Far East Catchments.

The PWGs are currently developing implementation targets for each of the actions in the RCS.

3.3.2 Regional Waterway Strategy

During 2013/14, the Authority developed the 2014 East Gippsland Waterway Strategy (EGWS). The Strategy has been endorsed by the board and submitted to the Minister for Water for final approval.

The EGWS follows the release of the Victorian Waterway Management Strategy in 2013, which provided the framework and policy direction for the management of rivers, estuaries and wetlands across Victoria.

The EGWS was developed in partnership with other natural resource management agencies, Traditional Owners, the regional community and other stakeholders. It establishes the strategic direction for waterways over the next 8 years.

4. CONDITION AND MANAGEMENT OF LAND AND WATER RESOURCES IN THE REGION 2013/2014

4.1 Introduction

Under the *Catchment and Land Protection Act (1994)* the Authority is required to report annually on the condition and management of land and water resources within its region. This chapter focusses on the range of land and water management activities undertaken in East Gippsland during 2013/14, and includes condition observations based on work undertaken during the preparation of the 2013 East Gippsland Regional Catchment Strategy (RCS).

The Authority utilises Program areas adopted in the East Gippsland RCS (2013-19) to support project integration by a range of delivery partners. The Program areas are: Gippsland Lakes and Hinterland, Gippsland Lakes Upper Catchment, Far East Catchments, East Coast, and Region-wide.

The 2013/14 management activities described below were funded through the State Government's Victorian Water Group Investment Framework (VWGIF) and the Australian Government's Regional Delivery (AGRD) program. The Investment Programs that participate in VWGIF are the Victorian River and Wetland Management Program, Sustainable Irrigation Program and the Victorian Landcare Program. Individual projects can be funded by one or more Investment Programs. The AGRD program includes funding from both the Sustainable Environment stream and the Sustainable Agriculture stream.

The Authority also administers the Gippsland Lakes Environment Fund (GLEF), an initiative of the State Government under the Regional Growth Fund. The Gippsland Lakes Environment Fund (GLEF) \$10M over 4 years) provides funding for the implementation of the Gippsland Lakes Environmental Strategy (GLES).

The GLES was prepared by the Gippsland Lakes Ministerial Advisory

Committee; a committee convened to advise the Minister for Regional and Rural Development, The Hon Peter Ryan and The Hon Ryan Smith, MP, Minister for Environment and Climate Change, on environmental issues concerning the Gippsland Lakes, actions in the catchment that affect the environmental condition of the Lakes and the best ways to allocate the GLEF. The management activities funded by GLEF are described below in section 4.9.

4.2 Highlights And Challenges

The 2013/14 year was dominated by weather events in East Gippsland. Firstly, the region encountered significant rain, which made access to work sites difficult and delayed works in Spring. Secondly, severe fires burnt approximately 170,000 ha within the catchments of the Snowy and Brodribb rivers. This and several other fire events caused delays in work programs due to safety concerns, however the Authority's funded works were still delivered.

2013/14 saw the establishment of a waterway condition monitoring program to assess changes in river condition over time. The program is based on the Works Monitoring Method (WMM), a river health monitoring system developed by the Victorian River Health Industry (CMAs, Melbourne Water and DEPI).

This monitoring method was originally initiated to provide information and data to assess the impact of works and measure the change in river condition over time. The Authority has adapted the methodology and in 2013/14 established 300 riparian condition monitoring sites, in addition to 125 sites established since 2011. 175 landholders were engaged to provide feedback and discuss the Authority's Catchment goals.

In 2013/14, a new approach to the reporting of natural resource management investment was adopted for the State by the Department of Environment and Primary Industries

(DEPI). Known as the DEPI Output Data Standard, it describes a revised set of Outputs as being the actions delivered through project investment. There are currently 32 Outputs included in the standard, listed under four categories: Structural works, Environmental works, Management services, and Planning and regulation.

4.3 Overview of 2013/14 Victorian Water Group Investment Framework and Australian Government Management Activities in East Gippsland

The suite of management activities undertaken to improve the condition of natural resource assets in the region are developed, approved by investors, and then implemented, as projects. The region's project delivery model is designed to enable the most appropriate organisation to deliver projects within their area of jurisdiction and expertise. Many projects are delivered on a collaborative basis with multiple delivery partners working together.

Implementation of our renewed RCS is designed to build on our collaborative partnership model, and partners have developed joint delivery targets that we will share over the coming years.

In 2013/14, the VWGIF and Australian Government programs funded 24 projects in East Gippsland. Each project was undertaken in one of the five region wide or regional Program areas that were adopted in the 2013 RCS.

EGCMA ANNUAL REPORT 2013 - 2014

The tables below list all 2013/14 VWGIF and Australian Government funded projects, grouped under the respective RCS Program area headings and showing the organisation(s) responsible for implementation of each project.

Table 4a 2013/14 VWGIF Projects by RCS Program area:

Project title	Responsible organisation(s)
Gippsland Lakes and Hinterland program area	
Waterway Management in the GL and Hinterland	EGCMA
Landcare in the Gippsland Lakes and Hinterland	EGCMA, Landcare Groups and Networks
Gippsland Lakes Upper Catchment program area	
Waterway management in the GL Upper Catchment	EGCMA
Landcare in the Gippsland Lakes Upper Catchment	EGCMA, Landcare Groups and Networks
Far East Catchments program area	
Waterway management in the Far East Catchments	EGCMA
Waterway management in the Lower Snowy Catchment	EGCMA, Landcare Groups and Networks
Landcare in the Far East	EGCMA, Landcare Groups and Networks
East Coast program area	
Waterway Monitoring of the Lower Snowy	EGCMA
Landcare in the East Coast	EGCMA, Landcare Groups and Networks
Region-wide program area	
Water Statutory, Environmental Water Reserve and Water Quality Monitoring	EGCMA
Regional Landcare Coordinator	EGCMA
Waterwatch	EGCMA

Table 4b 2013/14 Australian Government projects by RCS Program area:

Project title	Responsible organisation(s)
Gippsland Lakes and Hinterland program area	
Protecting the EPBC listed Gippsland Redgum Woodland ecological community	EGCMA, TFN, EGLN, GA, GPCMN,
Protecting Ramsar sites in the Gippsland Lakes	EGCMA, PV, GA, TFN
Gippsland Lakes Upper Catchment program area	
Protecting the EPBC listed White/Yellow Box Woodland ecological community	EGCMA, TFN
Protecting the EPBC listed Alpine Sphagnum Bogs ecological community	EGCMA, PV
Protecting the EPBC listed Limestone Pomaderris Shrubland ecological community	EGCMA, PV
Far East Catchments program area	
Protecting EPBC listed species in the Upper Snowy	EGCMA, DEPI
East Coast program area	
Protecting the EPBC listed Littoral Rainforest ecological community	EGCMA, TFN, EGSC, PV
Protecting EPBC listed species on the East Gippsland coast	EGCMA, DEPI
Restoring East Gippsland coastal environments	EGCMA, PV, EGSC
Region-wide program area	
Enhancing Indigenous people's capacity for participation in natural resource management	EGCMA, GLaWAC
TopSoils – Improving agricultural practices through soil management	EGCMA, DEPI, EGLN, FEVL, GA, SFS
Regional Landcare Facilitator	EGCMA, FEVL

Key to Delivery Partners: DEPI (Department of Environment and Primary Industries), EGCMA (East Gippsland Catchment Management Authority), EGLN (East Gippsland Landcare Network), EGRCMN (East Gippsland Rainforest Conservation Management Network), EGSC (East Gippsland Shire Council), FEVL (Far East Victoria Landcare Network), GA (Greening Australia), GLaWAC (Gunaikurnai Land and Waters Aboriginal Corporation), GPCMN (Gippsland Plains Conservation Management Network), TFN (Trust for Nature), PV (Parks Victoria) and SFS (Southern Farming Systems).

Project Outputs

Project Outputs reported in the tables under each of the following Program area headings are based on the new DEPI Output data standard. The aggregate Outputs arising from all VWGIF (State funded) projects in each Program area are presented in a VWGIF Outputs table. Similarly, aggregate Outputs from all AGRD projects are presented in AGRD Output tables.

4.4 Management in the Gippsland Lakes and Hinterland Program Area

Program area description and condition

The Gippsland Lakes and Hinterland program area embraces the terrestrial environments adjoining the Gippsland Lakes including the Red Gum Plains, extending west to the catchment of Toms Creek, the foothills of the hinterland to the north and extending east to Lakes Entrance. Major sections of the Gippsland Lakes including Lake Victoria and Lake King are also contained within the program area.

The Gippsland Lakes and its fringing wetlands are internationally listed under the Ramsar Convention and form a group of aquatic ecosystems that are of high social and environmental value to the region. The lower reaches of Major River systems, including the Heritage listed Mitchell River, flow through the program area and are major contributors of freshwater inflows to the Gippsland Lakes.

The program area contains perhaps the part of the region that is most impacted

by human activity and is the region's centre of development and tourism, containing the significant townships of Bairnsdale, Lakes Entrance and Paynesville.

The terrestrial environments of the foothills and plains support a diverse range of important flora and fauna including many rare and threatened species. Habitat for these species is often limited to high value remnant areas of native vegetation, including the nationally threatened Central Gippsland Plains Grassland and the Forest Red Gum Grassy Woodland ecological communities found in the Red Gum Plains. These temperate grassland communities are the most severely depleted of any ecological community in Victoria, with few remnants occurring on public land in the region.

Overall, the natural resource assets of this Program area are judged to be in moderate to good condition.

VWGIF Project Summaries

In 2013/14, there were two VWGIF projects in this Program area.

Project: Waterway Management in the Gippsland Lakes and Hinterland

The Authority undertook on ground works in close partnership with landholders, the Nicholson Landcare Group and the Nicholson Angling Club. This project complemented other work in the management area including, rehabilitation work (fencing, weed control and revegetation) with funds from the Gippsland Lakes Environment Fund; and the installation of fish habitat structures with funding from the Recreational Fishing Grants Program.

This project undertook stock exclusion fencing, weed control, revegetation, off stream watering systems and bank stabilisation. These works are planned to improve the stability of the riverbanks along the estuarine reaches of the Nicholson River. These works will also help protect and improve the associated wetlands on the Nicholson floodplain.

Project: Landcare in the Gippsland Lakes and Hinterland

This project continued to improve natural resources, sustainable agricultural practices and community capacity within the Gippsland Lakes and Hinterland landscape area. This project supported 24 community NRM groups and one Landcare Network to undertake projects within the Gippsland Lakes and Hinterland landscape area, to improve natural resources and community capacity.

Victorian Landcare Grant (VLG) funding was devolved to sixteen projects. Works include broad scale revegetation works, sediment mitigation, protective fencing, revegetation works and fencing works to improve biodiversity and productivity, vehicle exclusion fencing to protect a fragile river peninsular, extension of a sedge wetland to aid the recovery of a threatened species, strategic weed removal and revegetation of drainage lines to connect two important waterways across the Gippsland Plains, rehabilitation and amenity enhancement of a walking track, revegetation along the banks of the Mitchell River, increasing community participation, particularly young people in improving awareness of local NRM flora and fauna.

VWGIF Project Outputs

Table 4c: Major VWGIF Project Outputs in the Gippsland Lakes and Hinterland program area

Output Description	Qualifier	Unit	Target	Actual
Earth works	Armouring	Km	2	2
Engagement event	Presentation	Number	94	95
Grazing regime	Exclusion	Ha	39	42
Partnership	Community groups	Number	26	29
Pest Animal Control	Terrestrial	Area (ha)	2	2
Publication	Online/printed	Number	2	3
Threatened Species Recovery	Inland Aquatic	Area (ha)	6	1
Vegetation	Native indigenous	Area (ha)	69	137
Weed control	Non-woody	Area (ha)	120	123
Water storage	Tank	Number	2	13
Fence	Fence	Km	1	10
Management agreement	Binding perpetual	Number	2	3

AGRD Project Summaries

In 2013/14, there were two AGRD projects in this Program area.

Project: Protecting the EPBC listed Gippsland Redgum Woodland ecological community

This project is improving the ecological condition of EPBC listed Gippsland Red Gum grassy woodland and associated

grasslands sites, by a range of measures including fencing to reduce grazing pressure, woody and herbaceous weed control, reducing the impacts of pest animals, conducting ecological burning and thinning, and revegetation and supplementary planting. These works are occurring over a number of private land sites on

the Red Gum Plains west of Bairnsdale.

Project: Protecting Ramsar sites in the Gippsland Lakes

This project is improving the ecological condition of a Gippsland Lakes Ramsar site at Jones Bay Wildlife Reserve, through revegetation using appropriate wetland vegetation communities tolerant to increasing saline levels.

AGRD Project Outputs

Table 4d: Major AGRD Project Outputs in the Gippsland Lakes and Hinterland program

Output title	Output type	Unit	Target	Actual
Monitoring structure	Measuring station	Number	1	1
Fence	Fence	Length (km)	2	2
Vegetation	Native indigenous	Area (ha)	41	44
Weed control	Non-woody	Area (ha)	50	77
Weed control	Woody	Area (ha)	2	2
Pest animal control	Terrestrial	Area (ha)	70	257
Fire Regime	n/a	Area (ha)	7	3
Engagement event	Training	Number of events	3	3
Engagement event	Workshop	Number of events	3	3
Plan	Engagement	Number	1	1
Plan	Management	Number	1	0

4.5 Management In The Gippsland Lakes Upper Catchment Program Area

Program area description and condition

The Gippsland Lakes Upper Catchment program area includes the upper catchments of the Mitchell, Nicholson and Tambo rivers. It is bounded in the north by the Great Dividing Range, and to the east and west by catchment boundaries. The southern boundary is the foothills to the north of the Gippsland Plains. The area is strongly connected to, and supports the values of, the Gippsland Lakes and Hinterland program area downstream. Water from these catchments provides a range of beneficial uses to downstream communities and environments.

Much of the land within the program area is within the public estate, including large continuous tracts of land within the distinctive alpine environment of the Alpine National Park. This area is home to many rare and threatened species, as

well as the nationally listed Alpine Sphagnum Bogs and Associated Fens ecological community.

The large continuous areas of native forest and woodland are punctuated by relatively confined areas of land cleared for agriculture, primarily in river valleys, and including towns and localities of Dargo, Ensay, Swifts Creek and the Wonnangatta Valley.

Overall, the natural resource assets of this Program area are judged to be in good environmental condition.

VWGIF Project Summaries

In 2013/14, there were two VWGIF projects in this Program area.

Project: Waterway Management in the Gippsland Lakes Upper Catchment

This project worked in close partnerships with Parks Victoria to control seeding willows in the upper catchments in the Alpine National Park. The Authority also worked closely with Department of Environment and Primary

Industries, landholders and Dargo Landcare Group to fence off frontages, control weeds and revegetate areas that had previous willow removal.

The project implemented priority, on-ground river health activities, guided by the East Gippsland Regional River Health Strategy, the Authority Catchment Goals and the Regional Catchment Strategy 2013-2019 including fencing, willow control, weed control, revegetation, off stream watering systems and willow removal.

Project: Landcare in the Gippsland Lakes Upper Catchment

This project continued to enhance natural resources and community engagement within the Gippsland Lakes Upper Catchment landscape area. Victorian Landcare Grant (VLG) funding supported one Landcare group to restore a local historic site for public recreational use, control weeds along local waterways, and acknowledge the work completed by the group.

VWGIF Project Outputs

Table 4e: Major VWGIF Project Outputs in the Gippsland Lakes Upper Catchment program area

Output Description	Qualifier	Unit	Target	Actual
Partnership	Community Group	Number	1	1
Vegetation	Native indigenous	Ha	10	32
Weed control	Non-woody	Ha	63	91
Water storage	Trough	Number	5	2
Fence	Fence	Km	3	2
Weed control	Woody	Ha	64	173
Grazing regime	Exclusion	Ha	6	6
Management agreement	Binding perpetual	Number	5	5

AGRD Project Summaries

In 2013/14, there were three AGRD projects in this Program area.

Project: Protecting the EPBC listed White/Yellow Box Woodland ecological community

This project is improving the condition of selected EPBC listed White Box – Yellow Box Woodland ecological community sites on private land in the Swifts Creek-Ensay area of the region. On ground works include woody and herbaceous weed control, reducing the impacts of deer browsing, and revegetation.

Project: Protecting the EPBC listed Alpine Sphagnum Bogs ecological community

This project is protecting and enhancing the condition of the EPBC listed Alpine Sphagnum Bogs and associated Fens ecological community that is located in that part of the Alpine National Park lying within the East Gippsland region. Measures include surveillance and treatment of woody and herbaceous weeds considered to pose a threat to the Bogs, developing and adopting protocols to reduce the impacts of fire and fire control activities, restoring natural hydrology regimes, reducing the impacts of deer, and reducing the pressure from

feral horses. This project contributes to a broader Alps wide Alpine Bogs initiative by complementing related projects in neighbouring regions.

Project: Protecting the EPBC listed Limestone Pomaderris Shrubland ecological community

This project is improving the condition of the entire extent of the EPBC listed Silurian Limestone Pomaderris Shrubland ecological community in the region, through the conduct of woody and herbaceous weed control over the site located at Marble Gully in the Upper Tambo River catchment.

AGRD Project Outputs

Table 4f: Major AGRD Project Outputs in the Gippsland Lakes Upper Catchment program

Output title	Output type	Unit	Target	Actual
Road	Road	Length (km)	0.3	0.3
Vegetation	Native indigenous	Area (ha)	40	44
Weed control	Non-woody	Area (ha)	120	404
Weed control	Woody	Area (ha)	125	135
Pest animal control	Terrestrial	Area (ha)	11,000	15,426
Management agreement	Binding perpetual	Number	1	2

4.6 Management in the Far East Catchments Program Area

Program area description and condition

The Far East Catchments Program area includes the entire Snowy and Far East Basins, and the catchments of Lake Tyers and Ewings Morass. The program area includes some of the Victorian Alps together with the coastline from Lake Tyers to Cape Howe.

The Far East Catchments area is characterised by large tracts of intact, continuous, high quality native vegetation communities and ecosystems, particularly rivers and streams. The majority of land is within the public estate. Many streams have largely unmodified catchments from source to estuary, with minimal or no impacts from adjoining land use.

The area includes a diversity of environments from sub-alpine and montane ecosystems to lowlands foothill forest and streams, and is recognised as one of the most ecologically diverse areas in the State. It contains natural resource assets recognised as high value regionally and State wide.

Overall, the natural resource assets of this Program area are judged to be in good environmental condition.

WWGIF Project Summaries

In 2013/14, there were three WWGIF projects in this Program area.

Project: Waterway management in the Far East Catchments

The Authority worked closely with landholders in the Combiobar and Cann valleys to undertake the on ground works for this year. This project complemented other works in the management area, including bank stabilisation, alignment training and revegetation as part of the Natural Disaster Relief and Recovery Arrangements funding for flood recovery works and Regional Development Victoria Funds for flood support from the June 2012 flood.

This project implemented priority, on-ground river health activities in high value waterways in the Far East Gippsland basin, including bed stabilisation, willow control, stock exclusion fencing, weed control and revegetation. These works will further increase resistance and improve robustness of the bed and banks of the waterways in the long term.

Project: Waterway management in the Lower Snowy Catchment

The Authority undertook on ground works in close partnership with landholders in the Buchan valley and the lower Snowy, Moogji Aboriginal Council and the Orbost and Marlo Angling Clubs.

The Moogji Aboriginal works crew continued to undertake works on the

lower Snowy River as part of the Authority's aim to provide natural resource employment opportunities for Indigenous people.

This project focussed on weed control, revegetation, the installation of large wood and bank stabilisation. These works consolidate previous works undertaken by the Authority.

Project: Landcare in the Far East Catchments

This project continued to improve natural resources and community participation within the Far East Catchment landscape area. It supported six community based natural resource management groups and one Landcare Network encompassing an area greater than 61,000 ha to undertake projects within the Far East area.

Victorian Landcare Grant (VLG) funding was granted to seven projects. Works undertaken include rehabilitation of the banks of a creek denuded by fire, erection of stock exclusion fencing to protect native grassy woodland habitat and remove grazing pressure from the Deddick River, weed management and revegetation activities along a public walking track, erection of fencing to create a corridor of connectivity between the Alpine National Park and the Deddick River and increasing Landcare's profile.

VWGIF Project Outputs

Table 4g: Major VWGIF Project Outputs in the Far East Catchments Program Area

Output Description	Qualifier	Unit	Target	Actual
Earthworks	Armouring	Km	3	3
Engagement event	Presentation	Number	51	301
Fence	Fence	Km	10	11
Pest Animal Control	Terrestrial	Area (ha)	1	1
Vegetation	Native indigenous	Ha	415	412
Weed control	Non-woody	Ha	108	124
Weed control	Woody	Ha	255	322
Waterway structure	Chute	Number	7	7
Water storage	Tank	Number	5	2
Grazing regime	Exclusion	Ha	8	10
Management agreement	Binding perpetual	Number	5	5

AGRD Project Summaries

In 2013/14, there was one AGRD project in this Program area.

Project: Protecting EPBC listed species in the Upper Snowy

This project is improving the habitat for 4 EPBC listed species (Brush tailed Rock Wallaby, Spot tailed Quoll, Long footed Potoroo, Eastern Wallaroo) in the Upper Snowy catchment by implementing an intensive fox control regime on public and private land within and nearby the known range for these species.

AGRD Project Outputs

Table 4h: Major AGRD Project Outputs in the Far East Catchments Program Area

Output Title	Output Type	Unit	Target	Actual
Pest animal control	Terrestrial	Area (ha)	86,000	86,000

4.7 Management in the East Coast Program Area

Program area description and condition

The East Coast program area includes East Gippsland's open coastline and its adjoining coastal environments and marine habitats. The area defined includes Lake Tyers at its western margin and extends east to the New South Wales border. The area also includes landscapes that are 'functionally' related to the coast including estuarine areas such as the Snowy River estuary.

The East Coast program area is generally in good condition, with low levels of modification and disturbance.

VWGIF Project Summaries

In 2013/14, there were two VWGIF projects in this Program area.

Project: Waterway Monitoring of the Lower Snowy

This project involved four monitoring projects on the lower Snowy, including a floodplain drainage and infrastructure assessment, a priority native fish assessment, a wetland inventory and assessment and the first stage of the environmental flow monitoring and investigation program. These monitoring programs will increase our knowledge and understanding of the broader Snowy system to plan and prioritise works for the future.

The environmental flow monitoring and investigation program will be consistent

with the broader snowy monitoring and will include an assessment of flora and fauna responses in estuaries, spawning fish responses and monitoring estuary saline conditions.

Project: Landcare in the East Coast Program Area

This project continued to restore natural resources and increase community participation and awareness within the East Coast landscape area. Victorian Landcare Grant (VLG) funding was granted to five groups. Works include weed management and revegetation activities along the East Gippsland rail Trail, enhancing habitat for threatened flora and fauna, and promoting Landcare and the environment and increasing community engagement and awareness.

Table 4i: Major VWGIF Project Outputs in the East Coast Program Area

Output Description	Qualifier	Unit	Target	Actual
Partnership	Community Group	Number	3	3
Vegetation	Native Indigenous	Area (ha)	27	27
Weed Control	Non-Woody	Area (ha)	261	261
Weed Control	Woody	Area (ha)	30	94
Assessment	Water	Number	1	1
Assessment	Fauna	Number	1	1
Waterway Structure	Large Wood	Number	50	50
Earthworks	Armouring	km	2	2
Assessment	Invasive Species	Area (ha)	10	10

AGRD Project Summaries

In 2013/14 there were three AGRD projects in this Program area.

Project: Protecting the EPBC listed Littoral Rainforest ecological community

This project is improving the ecological condition of EPBC listed Littoral Rainforest and Coastal Vine Thicket (LRF) sites located along the shorelines of coastal estuaries in the region between the Nicholson River to the west and Mallacoota Inlet in the east. This ecological community is listed as critically endangered, and it provides habitat for a

number of threatened plants and animals. The condition of priority LRF sites on both public and private land is being improved by decreasing the percentage cover of transforming weeds, and reducing the impacts of deer browsing and other damage.

Project: Protecting EPBC listed species on the East Gippsland coast

This project is reducing the impact of fox predation across estuarine and coastal habitat for 5 EPBC listed species (Eastern Bristlebird, Long-nosed Potoroo, Southern Brown Bandicoot, Fairy Tern, and Little Tern) between Lake

Tyers and Cape Howe through an intensive fox baiting regime.

Project: Restoring East Gippsland coastal environments

This project is reducing the extent and impact of priority weeds of the East Gippsland coast, including reducing the density of Boneseed infestation within 4 containment zones between Lake Tyers and Metung, controlling Bitou bush on the Mallacoota Foreshore Reserve, and reducing the extent of Mirror Bush and Boxthorn on Tullaberga and Gabo islands.

AGRD Project Outputs

Table 4j: Major AGRD Project Outputs in the East Coast Program area

Output Title	Output Type	Unit	Target	Actual
Weed control	Non-woody	Area (ha)	51	1,134
Weed control	Woody	Area (ha)	16	158
Pest animal control	Terrestrial	Area (ha)	7	40
Engagement event	Training	Number of events	2	2
Plan	Management	Number	1	1

4.8 Management in the Region-wide Program

The East Gippsland Region-wide Program includes projects that apply across the region and do not logically fit within the four sub-regional Program areas.

VWGIF Project Summaries

In 2013/14, there were two VWGIF projects in this Program area.

Project: Water Statutory, Environmental Water Reserve Officer and Water Quality Monitoring

The Authority's statutory planning activities continued to be delivered through a shared services agreement with the West Gippsland CMA, to allow for more efficient provision of services across the Gippsland region. The program fulfilled the Authority's obligations under the *Water Act 1989* and *Planning and Environment Act 1987*, including the provision of flood advice, responding to statutory referrals from local government, and issuing permits for works on waterways.

The number of statutory referrals in East Gippsland decreased by 34% from 2012-13, due primarily to a lessening of requests for flood advice related to property insurance. In 2013-14, 352 planning referrals were received and 26 permits were issued.

Water quality monitoring that aligns with the Gippsland Regional Water Monitoring Partnership comprised of five sites monitored on a quarterly basis.

The East Gippsland Environmental Water program saw the finalisation of the Victorian Snowy River environmental flow monitoring and investigation program. The three year program was developed by the Authority in collaboration with the Department of Environment and Primary Industries, the Victorian Environmental Water Holder, and New South Wales Office of Water. Implementation of the program commenced in 2013/14 with funds from DEPI and the VEWH. The program focussed on the estuary and the installation of six continuous water level and/or salinity monitoring stations.

Project: Regional Landcare Coordinator

The Regional Landcare Coordinator (RLC) continued to actively participate in delivering the Victorian Landcare Program regionally, by providing strategic advice and support to 33 Landcare and community NRM groups and 3 Landcare networks in the East Gippsland region. The RLC role includes actions to implement the East Gippsland Regional Landcare Support Action Plan, such as;

- supporting the development of skills and knowledge within the Landcare community, e.g. cultural awareness, governance;
- working with groups and networks to facilitate inclusion in landscape scale projects;
- enabling volunteer recruitment and producing information relating to Landcare;
- providing reporting on regional Landcare activities to the State; and,
- monitoring and evaluating Landcare funded projects.

In 2013-14 the Regional Landcare Coordinator directly coordinated and reported on 43 projects funded through the Victorian Landcare Grants initiative.

VWGIF Project Outputs

Table 4k: Major VWGIF Project Outputs in the Region-wide Program area

Output Description	Qualifier	Unit	Target	Actual
Engagement Event	Presentation	Number	832	3501
Partnership	Community groups	Number	34	35
Assessment	Water	Number	76	99
Approval and advice	Advice	Number	227	219
Approval and advice	Permit	Number	50	26
Approval and advice	Referral response	Number	226	137
Monitoring structure	Measuring point	Number	10	11
Partnership	Agencies/Corporates	Number	2	2
Partnership	Mixed	Number	4	4
Publication	Online/printed	Number	1	1
Plan	Management	Number	1	1

AGRD Project Summaries

In 2013/14 there were three AGRD projects in this Program area.

Project: Enhancing Indigenous people's capacity for participation in natural resource management

This project will result in increased engagement with all East Gippsland Traditional Owner groups and provide opportunities for an increase in their participation in the planning and delivery of Australian Government NRM investment in the region. In particular, members of the Gunaikurnai Land and Waters Aboriginal Corporation NRM crew are contributing to the delivery of on ground works associated with Australian Government funded projects by providing services to a number of our delivery partners.

Project: TopSoils – Improving agricultural practices through soil management

The TopSoils project is building a current data set of the chemical and physical properties of East Gippsland's farming soils, to assist the identification of trends in soil characteristics and key indicators of soil asset decline. Targeted extension programs, including producer demonstration sites, will involve the expertise of five regional delivery partners, to provide farmers with improved skills and knowledge and address barriers to practice change. Project monitoring will involve workshop impact surveys, and pre and post program 'practice benchmarking', using Australian Bureau of Statistics indicators of farm practice.

Project: Regional Landcare Facilitator

The East Gippsland Regional Landcare Facilitator project is an Australian Government initiative providing opportunities for farmers to develop skills and knowledge so they are able to make sound land and natural resource management decisions and independently source further knowledge and assistance when required. The region's Regional Landcare Facilitator position is hosted by Far East Victoria Landcare.

AGRD Project Outputs

Table 4i: Major AGRD Project Outputs in the Region-wide Program area

Output Title	Output Type	Unit	Target	Actual
Assessment	Soil	Area (ha)	1,600	1,608
Engagement event	Field day	Number of events	1	1
Engagement Event	Training	Number of events	7	7
Engagement event	Workshop	Number of events	5	5
Partnership	Agencies/Corporates	Number	10	8
Plan	Engagement	Number	1	1

4.9 Management of the Gippsland Lakes Environment Fund in the Gippsland Lakes Hinterland Program Area

The Authority hosts the Gippsland Lakes Ministerial Advisory Committee (GLMAC) and administers the Gippsland Lakes Environment Fund (GLEF) on behalf of the Victorian Government.

The GLEF is a major initiative amounting to \$10M over four years. The Authority is pleased to support the efforts of the advisory committee which is made up of local people in the region.

The program roll-out has significantly increased the involvement and participation of varied agencies, community interest groups, schools, educational institutions and individuals throughout the extensive Gippsland Lakes Catchment.

The first tranche of funding made available through the GLEF enabled the development of the Gippsland Lakes Environmental Strategy and associated business plan. These guide the Gippsland Lakes Ministerial Advisory Committee advice for the Government and coordinating effort to maintain the quality of the Lakes' environment. It also enabled partners to deliver a suite of projects across all aspects of the Lakes environment.

Agencies, landholders, Landcare and community groups have implemented on-

ground works in priority areas, including the fringing wetlands and the riparian zone of tributaries. Projects improved the habitat values and water quality of the Lakes and inflowing rivers through revegetation and restoration of indigenous vegetation, stock exclusion, management of pest plants and pest animals. In the upper Gippsland Lakes catchment agencies worked with landholders to develop and implement property plans to retain nutrients on-farm. The projects have empowered community groups in local land stewardship. For example, the Care Groups project involved 13 community groups who collectively contributed in excess of 1750 hours of volunteer labour in the delivery of environmental works.

Understanding of the Lake ecology to inform future management was increased through research into algal blooms and sea-grass. As well, economic information about the impacts of past algal blooms was assessed and strategies to mitigate the impact of blooms identified.

The GLMAC have sought to increase appreciation of the Lakes and to make information more available. A range of engagement methods have been employed throughout the year including workshops and forums, boat trips, meetings, two web-sites as well as conventional and social media.

Throughout the year 16 presentations have been made to 1,670 people, and a further 556 people have participated in 10

workshops, seminars and boat trips. More generally, awareness about the Lakes has been raised through 21 media releases, 5 radio interviews and 6 television interviews.

The Love our Lakes Facebook site provided a platform to engage a broad range of people generally from Eastern Australia, many from Melbourne. Throughout the year 155 posts generated 4,400 likes whilst approximately 1,300 people see the content each week. The websites provides the community with easily accessible information about the Lakes generating 3,079 hits resulting in 30,364 page views.

Approximately 300 primary school students from 11 schools have also been involved in learning about the Lakes through the "Love Our Lakes" Enviro-Stories Program, an initiative to help our primary school students learn about and develop a respect for the Gippsland Lakes and its catchments.

Over 330 secondary school students from across the region have engaged in the environment through boat trips, both in field trips to explore traditional fields of science such as biology, geomorphology and geography as well as on trips, such as Aqua-rage, to celebrate the Lakes' environment with live music. Nagle College Eco Warriors mentored 170 primary school students from 6 primary schools at Eagle Point foreshore where they learnt about water quality and lake

EGCMA ANNUAL REPORT 2013 - 2014

ecology. Students are also involved in long-term monitoring programs to learn about the environment as well as contributing important data to improve

the future management.

The Committee prepare an annual report that details the breadth of the implementation program and financial

information. This report, and information about the Gippsland Lakes, is available at <http://www.gippslandlakes.net.au/>

In the 2013/14 year completed projects funded through the GLEF delivered the following outputs:

Output Description	Qualifier	Unit	Target	Actual
Fence	Fence	Km	21	23.90
Vegetation	Native indigenous	Ha	221	283.90
Weed control	Non-woody	Ha	553	610
Pest animal control	Terrestrial	Ha	505	524
Water regime	River reach	Number	11	16
Approval and advice	Advice	Number	4	4
Management agreement	Binding non-perpetual	Number	8	27
Assessment	Ecological	Number	1	1
Assessment	Fauna	Number	8	9
Assessment	Invasive species	Number	1	2
Assessment	Property	Number	1	2
Assessment	Soil	Number	1	1
Engagement event	Conference	Number of participants	655	3,122
Partnership	Mixed	Number	11	16
Plan	Farm	Number	11	10
Publication	Online/printed	Number	10	42

4.10 Case Studies

The following case studies provide examples of the approach taken to NRM delivery in the region. The first case study describes the current approach being taken with wild dog management in East Gippsland. The second case study describes the Securing Priority Riparian Areas (SPRA) project.

4.10.1 Case Study: Wild Dog Management

The wild dog program in East Gippsland continues to progress towards a coordinated and integrated approach. The wild dog program developed a direction statement in conjunction with the Victorian Wild Dog Control Advisory Committee and DEPI. In addition to this document an Action Plan for Managing Wild Dogs in Victoria 2014 – 2019 was released at Omeo Community Wild Dog Forum by the Minister for Agriculture and Food Security, The Hon Peter Walsh MP.

These documents establish the strategic direction for the wild dog program to the landholders, general community and government delivery agencies throughout the region.

The highlights for the state-wide program this year included:

- 440 Wild dogs controlled by wild dog program (trap/shot);
- 17,876 baits laid;
- 30,807 baits laid by community groups;
- 1,364 wild dog pelts (Bounty);
- 3,000,000 ha covered by Wild Dog Management Zones;
- 4,000 baits laid using aerial baiting.

In addition to these works, the wild dog program has focussed on improving the cooperation and coordination of efforts between the responsible government agencies and private landholders. The program coordinates community baiting programs, baiting in public land, producing quarterly publications on best practices, and providing presentations and advice to various community groups, including the Best Wool Best Lamb Groups.

Through consultation with the affected community, DEPI has developed management plans for each of the 15 wild dog management zones in the state. All people involved are being asked to work together to deliver on these plans next year to further strengthen cooperation.

4.10.2 Case Study: Securing Priority Riparian Areas

The Securing Priority Riparian Areas (SPRA) project is aimed at fencing off frontages to exclude stock from riparian areas. Excluding stock from waterways can improve the health of the waterway and assist with better management of stock and pasture.

Stock with uncontrolled access to waterways can reduce water quality and bare the bed and banks of the channel, increasing the likelihood of erosion. Removing stock from riparian areas will increase vegetation cover, and over time reduce erosion, improve water quality, provide valuable shelterbelts and increase biodiversity.

The SPRA program is a Victorian State Government initiative designed to achieve the following key objectives:

- Identify the priority waterways within each of the 10 Catchment Management Authority regions;

- Actively approach landholders with properties adjoining these waterways in order to commence a discussion about achieving optimal river health goals through ongoing stock exclusion;
- Provide appropriate financial incentives (in the form of landholder grants) in order to achieve ongoing stock exclusion;
- Effectively manage priority waterways in collaboration with adjoining landholders – for mutual benefit.

The SPRA program has now been running for four years at the Authority. Over the past twelve months the following outcomes were achieved:

- 116 Landholders contacted regarding potential waterway frontage projects;
- 40 Environmental Works Agreements signed by Landholders;
- 20.1 kms of waterway frontage fencing constructed through the provision of Landholder grants under formal Environmental Works Agreements;
- 44.1 kms of protected waterway frontage – secured/signed under Environmental Works Agreements;
- 144.6 ha of waterway frontage area protected (from stock grazing and/or cropping) and secured under Environmental Works Agreements.

The SPRA model provides an effective and relatively inexpensive way of providing a layer of protection for priority waterway frontages, including riparian areas associated with the Gippsland Lakes.

5. STATUTORY, FINANCIAL AND OTHER INFORMATION

Freedom of Information

The *Freedom of Information Act 1982* allows the public access to documents held by government agencies, which includes right of access to documents held by the Authority. In the reporting period there were no requests for information.

The Freedom of Information (FOI) Officer is the Finance and Business Coordinator. A decision to release information is made by an Authorised Officer. Requests for information made under the Freedom of Information Act 1982 should be directed to:

The FOI Officer
East Gippsland Catchment
Management Authority
PO Box 1012
Bairnsdale, Vic 3875
Phone: 03 5150 3585
Email: egcma@egcma.com.au

The current application fee of \$26.50 applies to all requests at the time of publication of this report.

Protected Disclosures

Compliance with the *Protected Disclosures Act 2012*

The *Protected Disclosures Act 2012* (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. The Authority

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 the Authority or its board members, officers or employees by contacting the Authority or Independent Broad-Based Anti-Corruption Commission (IBAC) on the contact details provided below.

Please note that the Authority is not able to receive protected disclosures.

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

The Authority has established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about the Authority or its employees. You can access the Authority's procedures on its website at: www.egcma.com.au

Contacts:
Graeme Dear, CEO
East Gippsland Catchment
Management Authority
PO Box 1012
Bairnsdale, VIC, 3875
Ph: 5152 0600
Website: www.egcma.com.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.

Building Act Compliance

The Authority complies with the building maintenance provisions of the *Building Act 1993*.

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 East Gippsland Catchment Management Authority continues to implement and apply this principle in its business undertakings.

Where appropriate, competitively neutral price adjustments have been made from July 1, 1997.

Availability of Information

Information relevant to Financial Reporting Direction 22B is held at the Authority office and is available on request, subject to the *Freedom of Information Act 1982*.

Victorian Industry Participation Policy Act 2003

The Authority reports that it had Nil (0) tenders over \$1M during the reporting period.

Community Inclusiveness

The Authority recognises that the community comprises a range of diverse and disparate communities. The Authority seeks to ensure that any special needs are considered when engaging these sections of the community in the activities of the Authority (refer section 3.2).

Charter of Human Rights and Responsibilities Act 2006

The Authority is required to act compatibly with the Charter and gives proper consideration to human rights when making decisions. This responsibility is set out in the Charter and also the *Public Administration Act* and the *Code of Conduct for Victorian Public Sector Employees*. The Authority ensures that human rights are taken into account when making decisions, providing advice and delivering services. The Authority ensures that changes made to guidelines, policies or the legal framework take human rights into account. The Authority also ensures that its grievance processes comply

with the Charter and are consistent with the *Public Administration Act*.

In the reporting period, there have been no complaints related to the Charter.

Merit and Equity

The Authority Human Resources Policy recommits to State Government merit and equity principles in all areas of Human Resource management such as employee selection, performance management, professional development, Occupational Health and Safety and employee grievance and dispute resolution and the principles are reflected in the Authority's policies and procedures.

Environmental Reporting

As part of the Authority's continued commitment to reducing its environmental impacts, the Authority's Green Team Committee continues to monitor the implementation of the Authority's Environmental ResourceSmart Strategy.

During the year, the committee met periodically to review and discuss the Authority's progress against original set targets in the strategy. The strategy has been updated to reflect the Authority's progress in containing resource consumption and capturing environmental reporting data.

Environmental Impact Data

Data	Site(s):					
	Main Office – Bairnsdale		Depots – Mitchell, Snowy & Genoa			
	Quantity 2012-13 24FTE	Quantity 2013-14 21.6FTE	Measure 2012-13 24FTE	Measure 2013-14 21.6 FTE	Greenhouse gas emissions 2012-13 24FTE	Greenhouse gas emissions 2013-14 21.6FTE
Energy consumption	212067Mj	179263Mj	10295 Mj per FTE	8299 Mj per FTE	35.90t CO ² -e	37.64t CO ² -e
Water consumption	41Kl	79.65Kl	1.99 Kl per FTE	21.88 Kl per FTE	0.09t CO ² -e	0.18t CO ² -e
Total recycled waste	151Kgs	160Kgs	7.33 Kgs per FTE	5.26Kgs per FTE	0.16t CO ² -e	0.14t CO ² -e
Fuel usage – Fleet	37712Lt	36409 Lt	1830Lt per FTE	1685Lt per FTE	105.55t CO ² -e	102.23t CO ² -e
Km's travelled – Domestic Air Travel	0Km's	46.89Km's			0.0t CO ² -e	1.52t CO ² -e
Paper purchased	12.6 reams per FTE	9.35 reams per FTE			1141t CO ² /kg	891t CO ² /kg

Occupational Health & Safety

The safety of Authority employees and contractors is our highest priority and one of our core values. The Occupational Health & Safety (OHS) management system underpins our policy which aims to build a culture that provides a working environment, resources and support to make safety and well-being everyone's responsibility and it empowers people to be proactive in eliminating and minimising risks and hazards to achieve the highest possible safety standards.

The Occupational Health and Safety Committee, established as a formal sub-committee of the board, meets quarterly and facilitates cooperation between managers, employees and contractors in regard to health and safety at the Authority. In August 2013 the board engaged a consultant to undertake a performance review of the Authority's OHS Policy to evaluate the delivery of the commitments made in the policy. In addition, Victorian Employers' Chamber of Commerce and Industry were engaged in March 2014 to complete a gap analysis of the Authority's OHS Safety Management System against AS 4801. Positive Performance Indicators were developed to measure the Authority's performance in OHS and to demonstrate the Authority's commitment to continuous improvement and to recognise that health and safety contributes to overall organisation and business objectives through a reduction of workplace injury and ill health.

The OHS Committee has undertaken a review of aspects of the Authority's safety management system during the year including the:

- OHS Policy;
- OHS KPIs;
- Safe Work Procedures; and,
- OHS Employee Induction Procedure.

A culture of safety awareness for all staff begins at induction and continues throughout the duration of employment, via formal accredited training programs,

robust project management practices including project audits, contractor performance audits, incident and hazard reporting and promoting an ongoing commitment to continuous improvement in OHS.

Occupational Health & Safety Statistics

Incidents	2013/14
Contractor time lost to injuries/accidents (days)	20.5
Contractor Incident Notifications:	7
Staff time lost to injuries/accidents (days)	0
Staff Incident Notifications:	3

Risk Management Compliance Attestation

I, Dr Peter Veenker, certify that the East Gippsland Catchment Management Authority has risk management processes in place consistent with the *Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009)* and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The board verifies this assurance and that the risk profile of the East Gippsland Catchment Management Authority has been critically reviewed within the last 12 months.



Signed:
Date: 20th August 2014
Dr Peter Veenker
Chairperson

Insurance Compliance Attestation

I, Graeme Dear, certify that the East Gippsland Catchment Management Authority has complied with Ministerial Direction 4.5.5.1 – Insurance.



Signed:
Date: 20th August 2014
Graeme Dear
CEO

Statement of Financial Position

The Authority is financially sound, with adequate provisions in place to fulfil our obligations to staff and replacement of plant and equipment. Sufficient resources are now allocated to deliver the Corporate Plan objectives for 2014/15.

Significant changes in Financial Position

There were no significant matters which changed our financial position during the reporting period.

Operational and Budgetary Objectives

The operational and budgetary objectives for 2014/15 are outlined in the Corporate Plan. This plan takes account of resources carried forward from 2013/14 along with known funding allocations for the new year. The Authority enters the new year in a strong financial position.

Events Subsequent to Balance Date

There were no events occurring after balance date which may significantly affect the East Gippsland Catchment Management Authority's operations in subsequent reporting periods.

Financial Results Summary

The Authority's activity levels increased significantly in 2013/14 when compared to the prior year. Flood response, the flood support program and the activities of the Gippsland Lakes Environment Fund administration all contributed to this outcome. Operational activity by the Authority for the year was approx. \$7M and partnership activity was approx. \$3.7M.

Comparison of 5 year results

	2014 \$000	2013 \$000	2012 \$000	2011 \$000	2010 \$000
Operating Revenue					
State Government	10,871	10,396	7,437	9,159	11,926
Federal Government	2,549	2,336	2,335	2,335	2,335
Other Revenue	440	368	506	539	688
Total Operating Revenue	13,860	13,100	10,278	12,033	14,949
Operating Expenses					
Governance & Corporate	915	960	954	1,011	988
Project Expenditure	10,766	13,655	10,112	10,678	13,898
Total Operating Expenses	11,681	14,615	11,066	11,689	14,886
Total Assets	9,923	8,120	9,360	9,943	9,329
Total Liabilities	715	1,091	723	511	396

Consultancy expenditure

The definition of consultancy was updated from 1 July 2013. Consequently, disclosures on the 2013-14 consultancy expenditure cannot be compared with the previous year disclosures.

Details of consultancies (valued at \$10,000 or greater)

In 2013-14 there were five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2013-14 in relation to these consultancies is \$96,597 (excl. GST).

Details of individual consultancies are outlined on East Gippsland Catchment Management Authority's website, at www.egcma.com.au

Details of consultancies (valued at less than \$10,000)

In 2013-14, there were 10 consultancies engaged during the year, where the total

fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2013-14 in relation to these consultancies was \$28,392 (excl. GST).

Major Contracts

East Gippsland Catchment Management Authority did not award any major contracts (valued at \$10M or more) during 2013-14.

Pecuniary Interests

All Board Members and Senior Officers completed the required declarations of pecuniary interest. These are available to any persons who apply according to section 18M (2) of the *Catchment and Land Protection Act 1994*.

Publications

A range of publications is readily available on the Authority's web site.

External Reviews

Nil.

International Visits

Nil.

Public Relations

The Authority has continued its public relations activities during the year as documented in the Community Engagement and Awareness section of this report.

Industrial Relations

Time lost because of disputes: Nil

Major changes or factors affecting performance

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

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FINANCIAL STATEMENTS 2013 - 2014

East Gippsland Catchment Management Authority

General Purpose
Financial Report
YEAR ENDED 30 JUNE 2014

EGCMA

FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

FINANCIAL STATEMENTS

For the Year Ended 30 June 2014

**ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S
DECLARATION**

The attached financial report for the East Gippsland Catchment Management Authority have been prepared in accordance with Standing Directions 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 2014 and financial position of the Authority as at 30 June 2014.

At the time of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 4th September 2014.



Dr Peter Veenker

Chairperson



Graeme Dear

CEO and Accountable Officer

Acting Chief Finance & Accounting Officer

EGCMA FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY COMPREHENSIVE OPERATING STATEMENT

For the Financial Year Ended 30 June 2014	Notes	2014 \$	2013 \$
Income from Operating Activities			
Government Contributions	4	13,420,292	12,732,510
Income from Non-Operating Activities			
Interest	4	274,691	328,508
Other income	4	174,904	37,238
Net gain/(loss) on disposal of non-financial assets		(8,989)	1,887
Total Income		<u>13,860,899</u>	<u>13,100,143</u>
Expenses from Operating Activities			
Depreciation	7	224,502	157,866
Employee benefits	5, 19	2,428,304	2,309,152
Materials, Return of Funds, Grants, Contracts and Consultancies	6	8,755,487	11,274,284
Other	8	273,237	873,852
Total Expenses from Operating Activities		<u>11,681,529</u>	<u>14,615,154</u>
Net Result from Operating Activities		<u>2,179,370</u>	<u>(1,515,011)</u>
Other Comprehensive Income			
<i>Items that will not be classified to net result</i>			
Gain on revaluation of Property, Plant and Equipment		0	22,098
Total Comprehensive Result for the year		<u><u>2,179,370</u></u>	<u><u>(1,492,913)</u></u>

The Comprehensive Operating Statement should be read in conjunction with the accompanying notes.

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FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY BALANCE SHEET

As at 30 June 2014	Notes	2014 \$	2013 \$
ASSETS			
Current Assets			
Cash and Cash Equivalents	9, 15	8,605,940	5,515,132
Receivables	10	150,754	1,300,324
Prepayments		78,216	59,040
Total Current Assets		8,834,909	6,874,496
Non-Current Assets			
Property, Plant & Equipment	11	1,088,408	1,245,507
Total Non-Current Assets		1,088,408	1,245,507
TOTAL ASSETS		9,923,317	8,120,003
LIABILITIES			
Current Liabilities			
Payables	12, 15	277,871	671,324
Employee Benefits	13	355,202	128,074
Total Current Liabilities		633,073	799,398
Non-Current Liabilities			
Employee Benefits	13	81,975	291,706
Total Non-Current Liabilities		81,975	291,706
TOTAL LIABILITIES		715,048	1,091,104
NET ASSETS		9,208,269	7,028,899
EQUITY			
Contributed Capital	14	6,987,366	6,987,366
Reserves	14	576,277	576,277
Accumulated Funds	14	1,644,626	(534,744)
TOTAL EQUITY		9,208,269	7,028,899

The Balance Sheet should be read in conjunction with the accompanying notes.

EGCMA FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 30 June 2014	Notes	Accumulated Funds	Contributed Capital	Reserves	Total
		\$	\$	\$	\$
Balance at 1 July 2012		980,267	6,987,366	554,179	8,521,812
Net result for period		(1,515,011)	0	0	(1,515,011)
Other Comprehensive Income					
Transfer of Increments/Decrements on Revaluation of Land & Buildings		0	0	0	0
Transfer of Increments/Decrements on Revaluation of Motor Vehicles		0	0	22,098	22,098
Write Off Asset Revaluations to Retained Earnings		0	0	0	0
Transfers to/(from) Reserves		0	0	0	0
Balance at 30 June 2013	14	(534,744)	6,987,366	576,277	7,028,899
Net result for period		2,179,370	0	0	2,179,370
Transfers to/(from) Reserves			0	0	0
Balance at 30 June 2014	14	1,644,626	6,987,366	576,277	9,208,269

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY CASH FLOW STATEMENT

For the Year Ended 30 June 2014	Notes	2014 \$	2013 \$
Cash Flows from Operating Activities			
Receipts			
Interest received		277,938	313,618
Net GST received from the Australian Taxation Office		449,362	897,308
Other income		190,854	40,959
Receipts from Government		15,752,311	11,681,988
		16,670,465	12,933,873
Payments			
Payments to suppliers and employees		(13,503,265)	(15,249,227)
		(13,503,265)	(15,249,227)
Net cash (outflow)/inflow from operating activities	21	3,167,200	(2,315,354)
Cash Flows from Investing Activities			
Payments for property, plant & equipment		(199,569)	(347,079)
Proceeds from sale of non-current assets		123,177	47,469
Net cash (outflow)/inflow from investing activities		(76,392)	(299,610)
Net increase/(decrease) in cash held		3,090,808	(2,614,964)
Cash and cash equivalents at the beginning of the financial year		5,515,132	8,130,096
Cash and cash equivalents at the end of the financial year	9	8,605,940	5,515,132

The Cash Flow Statement should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**NOTE 1: SUMMARY OF
SIGNIFICANT ACCOUNTING
POLICIES****(a) Basis of Accounting****(i) General**

This financial report of the East Gippsland Catchment Management Authority (the Authority) is a general purpose financial report that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements. The general purpose financial report complies with Australian Accounting Standards (AAS), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Financial Management Act 1994 and applicable Ministerial Directions. The Authority is a not for-profit entity for the purpose of preparing the financial report.

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

The financial statements have been prepared on a going concern basis. The accrual basis of accounting has been applied in the preparation of this financial report 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.

The annual financial report was authorised for issue by the Authority's Board on 04 September 2014.

(ii) Accounting policies

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.

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year. Where appropriate, comparative figures have been amended to align with current presentation and disclosure.

**(iii) Functional and presentation
currency**

Items included in this financial report are measured using the currency of the primary economic environment in which the Authority operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Authority's functional and presentation currency.

**(iv) Classification between current
and non-current**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Authority's operational cycle - see 1(n) for a variation in relation to employee benefits.

(v) Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest dollar. Figures in the financial report may not equate due to rounding.

(vi) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and certain classes of property, plant and equipment.

(vii) Accounting estimates

The preparation of financial statements in conformity with AAS's requires the use of certain accounting estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies.

The most significant accounting estimates undertaken in the preparation of this financial report relate to:

- estimation of useful lives
- the impairment of assets
- doubtful debts
- provisions.

**(viii) Financial Statement
Presentation**

The Authority has applied the revised AASB 101 Presentation of Financial Statements which became effective for reporting periods beginning, on or after, 1 July 2013, and AASB 1054 Australian Additional Disclosures which became effective for reporting periods beginning on, or after, 1 July 2013.

(b) Changes in Accounting Policies

Subsequent to the 2012/13 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

(i) AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when the Authority is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The Authority has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, the Authority has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

However, AASB 13 has predominantly impacted the disclosures of the Authority. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 Financial Instruments: Disclosures.

The disclosure requirements of AASB 13 apply prospectively and need not be applied in comparative information before first application. Consequently, the 2012/13 comparatives of these disclosures have not been provided, except for financial instruments, of which the fair value disclosures are required under AASB 7 Financial Instruments: Disclosures.

**EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

(ii) AASB 119 Employee benefits

In 2013/14, the Authority has applied AASB 119 Employee Benefits (September 2011, as amended) and the related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The changes in AASB119 have not had any material change on the defined plans and termination benefits of the Authority and did not require restatement on the Balance Sheet.

The revised standard also changes the definition of short term employee benefits. These were previously benefits that were expected to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short term employee benefits are now defined as benefits expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by the Authority as short term employee benefits no longer meet this definition and are now classified as long term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

(c) Revenue Recognition

(i) Fees and Charges

Revenue is recognised when the services to which they relate have been provided.

(ii) Government contributions

Government grants and contributions are recognised as income from transactions on receipt or when the Authority obtains control of the contribution and meets certain other criteria as outlined in AASB 1004, whichever is the sooner, and disclosed in the comprehensive operating statement as government contributions. However, grants and contributions received from the

Victorian State Government, which were originally appropriated by the Parliament as additions to net assets or where the Minister for Finance and the Minister for Water have indicated are in the nature of owners' contributions, are accounted for as Equity – Contributed Capital.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Authority will comply with all attached conditions.

(iii) Interest

Interest Income is recognised using the effective interest rate method.

(d) Expenses

(i) Depreciation and amortisation of non-current assets

All non-current physical assets that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Land is not depreciated. Depreciation on other assets is calculated using the diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is held ready for use. The assets residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually and adjusted if appropriate, at each balance sheet date.

Major depreciation periods used are listed below and are consistent with the prior year, unless otherwise stated:

	2014	2013
	%	%
Buildings	10	10
Information Technology	50	50
Plant, equipment and fittings	15	15
Furniture & office equipment	15	15
Motor vehicles	15-20	15-20

(ii) Employee Benefits

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

(iii) Superannuation

The amount charged to the comprehensive operating statement in respect of superannuation represents the contributions made by the Authority to the superannuation plan in respect to the current services of Authority staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

(iv) Repairs and maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

(v) Other expenses

Other 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.

(e) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**(f) Receivables**

Trade Receivables are measured at the fair value of the consideration received or receivable. Amounts disclosed as trade receivables are net of returns, trade allowances and duties and taxes paid. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for impaired receivables. Trade and other receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impaired receivables is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amounts credited to the allowance are recognised as an expense in the comprehensive operating statement.

(g) Inventories

All inventories are valued at the lower of cost and net realisable value.

Cost for inventory is measured on the basis of weighted average cost.

(h) Prepayments

Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

(i) Recognition and Measurement of Assets

Property, plant and equipment represents non-current assets comprising land, buildings, infrastructure, plant and equipment, furniture and office equipment and motor vehicles, used by the Authority in its operations. Items with a cost or value in excess of \$1,000 and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

(i) Acquisition

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

Where assets are constructed by the Authority, the cost at which they are recorded includes an appropriate share of fixed and variable overheads.

Assets acquired at no cost or for nominal consideration by the Authority are recognised at fair value at the date of acquisition.

(ii) Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

(iii) Non-Current Physical Assets

Land, buildings and infrastructure assets are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment in accordance with the requirements of Financial Reporting Direction (FRD)103E.

The Infrastructure assets are valued at depreciated replacement cost.

Plant, equipment and motor vehicles are measured at fair value. For the plant, equipment and vehicles asset class, where the Authority is able to demonstrate that there is no evidence that a reliable market-based fair value (or other fair value indicators) exist for these assets, depreciated replacement cost could represent a reasonable approximation of fair value.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the comprehensive operating statement. When revalued assets are sold, it is the Authority's policy to transfer the amounts included in other reserves in respect of those assets to accumulated funds.

(iv) Revaluations

Assets other than those that are carried at cost are revalued with sufficient regularity to ensure that the carrying amount of each asset does not differ

materially from its fair value. This revaluation process normally occurs every five years. (The next valuation is due in 2015/16). Revaluation increments or decrements arise from differences between an asset's depreciated cost or deemed cost and fair value.

Revaluation increments are credited directly to equity in the revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as expense in determining the net result, the increment is recognised as revenue in determining the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation reserve in respect of the same class of assets, they are debited to the revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

(v) Impairment of Assets

Intangible assets with indefinite useful lives are tested annually as to whether their carrying value exceeds their recoverable amount.

All other assets are assessed annually for indicators of impairment, except for inventories.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written-off by a charge to the comprehensive operating statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a

**EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

specific decision to the contrary has been made.

An impairment loss on a revalued asset is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the comprehensive operating statement, a reversal of that impairment loss is also recognised in the comprehensive operating statement.

(j) Intangibles

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Authority.

Intangible assets consist of software and licences. These assets are amortised over 2 years.

(i) Web Site Costs

Costs in relation to web sites controlled by the Authority are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefits. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits controlled by the entity that can be reliably measured, are capitalised as an asset and amortised over the period of the expected benefits, which vary from two to five years.

(k) Finance Leases

The Authority does not have any Finance Leases.

(l) Operating Leases

The Authority does not have any Operating Leases.

(m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Authority prior to the end of the financial year, which are unpaid at financial year end. The amounts are unsecured and are usually paid within 30 days of recognition. Payables are initially recognised at fair value, being the cost of the goods and services, and subsequently measured at amortised cost.

(n) Employee Benefits

(i) Wages and salaries and annual leave

The revised AASB 119 standard changes the definition of short term employee benefits. These were previously benefits that were expected to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short term employee benefits are now defined as benefits expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by the Authority as short term employee benefits no longer meet this definition and are now classified as long term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis. The prior period has not been adjusted as the adjustment amount is immaterial.

(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 Authority does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value if the authority expects to wholly settle within 12 months; and
- present value if the authority does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non current LSL liability is measured at present value.

(iii) Superannuation

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by the Authority to the relevant superannuation plans in respect to the services of the Authority's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that the Authority is required to comply with.

(iv) Termination benefits

Liabilities for termination benefits are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in accrued expenses unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, discounted using market yields at the reporting date on national government bonds with terms to maturity that match as closely as possible, the estimated future cash outflows.

(v) Employee Benefit On-Costs

Employee benefit on-costs, including payroll tax and worker's compensation are recognised and included in

employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(vi) Performance payments

Performance payments for the Authority's Executive Officers are based on a percentage of the annual salary package provided under the contract(s) of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the terms of the contract to balance date. No performance payments were made or provided for during the year.

(o) Provisions

Provisions are recognised when the Authority as a result of a past event, has a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(p) 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.

Grants and contributions received from the Victorian State Government, which were originally appropriated by the Parliament as additions to net assets or where the Minister for Finance and the Minister for Water have indicated are in the nature of owners' contributions, are accounted for as Equity – Contributions by Owners.

(q) Financial Instruments/Investments

(i) Recognition

Financial instruments are initially measured at fair value, plus in the case of a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or the issue of the financial asset or liability. Subsequent to initial recognition, the

financial instruments are measured as set out below:

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables and other receivables in the balance sheet. Loans and receivables are recorded at amortised cost less impairment.

(r) Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Consistent with AASB 13 Fair Value Measurement, the Authority determines the policies and procedures for both recurring fair value measurements such as infrastructure, property, plant and equipment and financial instruments and for non recurring fair value measurements such as assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Authority has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, the Authority determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer General Victoria (VGV) is the Authority's independent valuation agency.

The Authority in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

(s) Taxation

The Authority is not liable for Income Tax.

(t) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of notes (refer to NOTE 16 & NOTE 17) at their nominal value and inclusive of the goods and services tax (GST) payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(u) Contingent liabilities

Contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to Note 18) and, if quantifiable, are measured at nominal value. Contingent liabilities are presented inclusive of GST payable.

(v) Goods and Services Tax

Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset

or liability in the Balance Sheet. Cash flows arising from operating activities are disclosed in the Cash Flow Statement on a gross basis – i.e., inclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable or payable to the taxation authority is classified as operating cash flows.

(w) Objective and funding

The Authority is responsible for the coordinated control of natural resource management within the broader catchments of East Gippsland. The role of the Authority is to ensure effective implementation of the Regional Catchment Strategy. Associated with this role the Authority carries out strategic planning and advises Government.

(x) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. As at 30 June 2014, the following standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2014. The Authority has not, and does not intend to, adopt these standards early.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on the Authority's financial statements
AASB 9 Financial Instruments	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 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 January 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 10 Consolidated Financial Statements	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. The AASB has issued an Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities 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.	1 January 2014 (not-for-profit entities)	For the Authority, AASB 10 builds on the control guidance that existed in AASB 127 and Interpretation 112 and is not expected to change which entities need to be consolidated. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 11 Joint Arrangements	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 January 2014 (not-for-profit entities)	Based on current assessment, entities already apply the equity method when accounting for joint ventures. It is anticipated that there would be no material impact. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 12 Disclosure of Interests in Other Entities	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 Separate Financial Statements and AASB 131 Interests in Joint Ventures.	1 January 2014 (not-for-profit entities)	The new standard is likely to require additional disclosures and ongoing work is being done to determine the extent of additional disclosure required.

FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on the Authority's financial statements
AASB 127 Separate Financial Statements	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 January 2014 (not-for-profit entities)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2014 (not-for-profit entities)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 1055 Budgetary Reporting	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament.	1 July 2014	This Standard is not applicable to the Authority as no budget disclosure is required.
AASB 1056 Superannuation Entities	AASB 1056 replaces AAS 25 Financial Reporting by Superannuation Plans. The standard was developed in light of changes in recent years, developments in the superannuation industry and Australia's adoption of IFRS.	1 July 2016	The standard was issued in June 2014. The standard has been assessed and is not applicable to the Authority.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013-14 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2013-14 reporting period and is considered to have insignificant impacts on public sector reporting.

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards.

2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements.

2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.

2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting.

2013-5 Amendments to Australian Accounting Standards – Investment Entities.

2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements.

2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders.

2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.

AASB Interpretation 21 Levies.

**EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 2: FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to a variety of financial risks, but primarily risks of market risk (interest rate risk), credit risk and liquidity. The Authority's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Authority. The Authority uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk. The Authority does not enter into derivative financial instruments and does not speculate in any type of financial instrument.

The board and senior management are responsible for monitoring and managing the financial risks of the Authority. They monitor these risks through bi-monthly board meetings where monthly management reports are presented and analysed.

The main risks the Authority is exposed to through its financial instruments are as follows:

(a) Market Risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Authority's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. The Authority's exposure to market risk is primarily through interest rate risk with significant surplus funds held in term deposits and deposits at call. The Authority has no exposure to foreign exchange risk or other price risk.

(i) Interest Rate Risk

The Authority's exposure to market interest rates relates primarily to the Authority's long term borrowings and funds invested on the money market. The interest rate on the Authority's long term borrowings is fixed and therefore the Authority is not exposed to any material interest rate risk.

At balance date term deposits totalled \$5,200,000 with a weighted average interest rate of 3.15% (2013: term deposits totalled \$5,000,000 with a weighted average interest rate of 3.54%).

At balance date \$3,400,253 was held in deposits at call with a weighted average interest rate of 2.48% (2013: 3.04%).

All trade creditors and accruals are non-interest bearing.

Interest Rate Sensitivity Analysis

A change of 1% in interest rates would have increased/(decreased) the net result by the amounts detailed below. The analysis assumes that all other variables remain constant.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Authority. The Authority has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Authority measures credit risk on a fair value basis.

The Authority does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics other than the Government. The credit risk on liquid funds is limited because the

counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they fall due. The Authority manages its liquidity risk by maintaining adequate cash reserves and continually monitoring the Authority's expenditure commitments and cash flow needs.

(d) Fair Value

The fair value of financial assets and financial liabilities has been estimated for recognition, measurement and for disclosure purposes.

Management consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values. The carrying amount of creditors and accruals at 30 June 2014 approximates market value.

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

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

Transaction costs are included in the determination of net fair value.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

		Interest Rate Risk			
		-1%		+1%	
		Result	Equity	Result	Equity
30 June 2014	\$	\$	\$	\$	\$
Cash and Cash Equivalents					
2014	8,605,940	(86,059)	(86,059)	86,059	86,059
2013	5,515,132	(55,151)	(55,151)	55,151	55,151

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FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 4: REVENUE	2014	2013
	\$	\$
(a) Government Contributions		
Contributions to operations:		
State Government		
River Health/Healthy Waterways	4,173,840	2,732,800
Natural Resource Investment Program	0	680,000
Other State	80,000	50,360
Gippsland Lakes Environment Fund	3,499,560	3,568,400
Catchment Planning/Corporate Governance	905,482	941,694
Flood Recovery Program	829,792	1,050,522
Flood Employment Program	400,000	600,000
Second Generation Landcare	273,000	346,000
Water Statutory Functions	342,000	342,000
Bush Fire Recovery	180,000	0
CMA Board Skills and Capacity	0	20,000
Recreational Fishing Grants	187,678	64,734
Commonwealth Government		
Caring for Our Country	2,251,685	2,335,000
Other Commonwealth	297,255	1,000
Total Government contributions shown as operating revenue	13,420,292	12,732,510
Total Government contributions	13,420,292	12,732,510
<i>Conditional grants</i>		
The Authority has recognised as revenue several grants received from the Government where the full project has not yet been completed.		
An analysis of these grant monies is displayed at Note 17.		
(b) Other revenues		
Interest	274,691	328,508
Other:		
Miscellaneous	174,904	37,238
	174,904	37,238
Total Other Revenues	449,596	365,746
(c) Profit and;/or loss on sale of non-current assets		
Proceeds from sale of fixed assets	123,177	47,469
Less written down value	(132,166)	(45,582)
Net profit/(loss) on disposal of non-current assets	(8,989)	1,887
Total revenue	13,860,899	13,100,143

EGCMA FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 5: EMPLOYEE COSTS

	2014	2013
	\$	\$
Salaries & Wages	1,688,628	1,608,169
Annual Leave	134,820	134,241
Long Service Leave	57,968	60,498
Other Leave	122,766	114,735
Salary On Costs	424,122	391,509
	<u>2,428,304</u>	<u>2,309,152</u>

NOTE 6: EXPENSES - MATERIALS, RETURN OF FUNDS, GRANTS, CONTRACTS AND CONSULTANCIES

Materials	705,423	868,909
Return of Funds		
Commonwealth Government	0	145,000
State Government	0	941,036
Consultants	124,989	508,922
Contractors	4,215,471	3,488,499
Grants Paid	3,709,604	5,321,918
	<u>8,755,487</u>	<u>11,274,284</u>

NOTE 7: EXPENSES - DEPRECIATION & AMORTISATION

Depreciation

Information technology	112,771	44,783
Plant, equipment and fittings	11,715	13,087
Furniture and office equipment	1,790	1,908
Motor vehicles	82,356	80,460
Buildings	15,870	17,628
	<u>224,502</u>	<u>157,866</u>

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FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 8: REMUNERATION OF AUDITORS

	2014	2013
	\$	\$
Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Authority's financial report:		
Audit fees	10,000	9,800
<i>(amounts are exclusive of GST)</i>	<u>10,000</u>	<u>9,800</u>

NOTE 9: CASH AND CASH EQUIVALENT ASSETS

Cash and cash equivalent assets

Cash on hand	800	800
Cash at bank	4,886	2,210
Deposits at call	3,400,253	512,122
Investments		
Terms Deposits – Treasury Corporation of Victoria	3,200,000	3,000,000
Term Deposits – National Australia Bank	2,000,000	2,000,000
The deposits are bearing floating interest rates between 2.45% and 2.5% (2013: 2.7% and 3.5%)		
	<u>8,605,940</u>	<u>5,515,132</u>

NOTE 10: RECEIVABLES

Current

Trade debtors	<u>65,791</u>	<u>65,791</u>
Other debtors		
GST Paid	96,026	191,827
Sundry Debtors	0	1,050,522
Accrued Interest on Terms Deposits	<u>54,727</u>	<u>57,975</u>
Total Receivables	<u>150,754</u>	<u>1,300,324</u>

These amounts general arise from the usual operating activities of the Authority.

The Ageing analysis of these receivables is as follows:

Up to 6 months	0	0
Over 6 months	<u>65,791</u>	<u>65,791</u>
	<u>65,791</u>	<u>65,791</u>

EGCMA FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10: RECEIVABLES (cont.)	2014	2013
	\$	\$
Movements in the provision for doubtful debts are as follows:		
At 1 July	(65,791)	(65,791)
Provision for doubtful debts recognised during the year	0	0
Receivables written off during the year as uncollectable	0	0
Unused amount reversed	0	0
	<u>(65,791)</u>	<u>(65,791)</u>

The creation and release of the provision for doubtful debts has been included as an expense in the comprehensive operating statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

The Authority has no exposure to changes in the foreign exchange rate, and the carrying amounts of the Authority's current receivables are denominated in Australian dollars.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value. The Authority does not hold any collateral as security. Refer to NOTE 2 for more information of the risk management policy of the Authority.

NOTE 11: PROPERTY PLANT AND EQUIPMENT

(a) Classes of property, plant and equipment

Land		
At fair value	358,000	358,000
	<u>358,000</u>	<u>358,000</u>
Buildings		
At fair value	160,719	176,093
Accumulated depreciation	(15,870)	(17,628)
	<u>144,849</u>	<u>158,465</u>
Information technology		
At fair value	217,291	193,675
Accumulated depreciation	(112,771)	(44,783)
	<u>104,520</u>	<u>148,892</u>
Plant, equipment and fittings		
At Fair Value	78,368	91,002
Accumulated depreciation	(11,715)	(13,087)
	<u>66,653</u>	<u>77,915</u>
Furniture and office equipment,		
At Fair Value	12,547	13,054
Accumulated depreciation	(1,788)	(1,908)
	<u>10,759</u>	<u>11,146</u>
Motor vehicles		
At Fair Value	485,984	571,549
Accumulated depreciation	(82,357)	(80,460)
	<u>403,627</u>	<u>491,089</u>
Total property, plant and equipment	<u>1,088,408</u>	<u>1,245,507</u>

Basis of valuation

Land and Buildings were independently valued as at 30 June 2011 by the Valuer-General Victoria. The basis of valuation is fair value as defined under the Australian Accounting Standard AASB116 and FRD103E with emphasis on the depreciated replacement cost approach and direct comparison.

FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11: PROPERTY PLANT AND EQUIPMENT (cont.)

(b) Movements during the reporting periods

	Land	Buildings	Information Technology	Plant, Equipment & Fittings	Furniture and Office Equipment	Motor Vehicles	Total
Carrying Amount	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2012							
Land	358,000	176,093	49,935	90,652	13,054	392,044	1,079,778
Additions	0	0	143,740	3,354	0	199,985	347,079
Disposals	0	0	0	(3,004)	0	(42,578)	(45,582)
Revaluations	0	0	0	0	0	22,098	22,098
Write-Offs	0	0	0	0	0	0	0
Depreciation	0	(17,628)	(44,783)	(13,087)	(1,908)	(80,460)	(157,866)
Balance as at 1 July 2014	358,000	158,465	148,892	77,915	11,146	491,089	1,245,507
Additions	0	2,254	68,602	3,482	1,402	123,829	199,569
Disposals	0	0	(203)	(3,028)	0	(128,935)	(132,166)
Depreciation	0	(15,870)	(112,771)	(11,715)	(1,790)	(82,356)	(224,502)
Balance as at 30 June 2014	358,000	144,849	104,520	66,653	10,759	403,627	1,088,408

EGCMA FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(c) Fair value measurement hierarchy for assets as at 30 June 2014.

	Carrying amount as at 30 Jun 14	Fair Value measurement at end of reporting period using:		
		Level 1(i)	Level 2 (i)	Level 3 (i)
Land at Fair Value				
Non-specialised land				
Specialised land				358,000
Total Land at Fair Value	0	0	0	358,000
Buildings at Fair Value				
Specialised buildings				
Non-specialised buildings			144,849	
Heritage assets				
Total Buildings at Fair Value	0	0	144,849	0
Plant, equipment and fittings at Fair Value				
Plant, equipment and fittings				66,653
Total Plant, equipment and fittings at Fair Value	0	0	0	66,653
Information technology, furniture and office equipment at Fair Value				
Information technology, furniture and office equipment				115,279
Total information technology, furniture and office equipment at Fair Value	0	0	0	115,279
Motor vehicles at Fair Value				
Motor vehicles (ii)				403,627
Total Motor Vehicles at Fair Value	0	0	0	403,627

Note:

i) Classified in accordance with the fair value hierarchy, see Note 1(r)

(ii) Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period.

FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Specialised Land

The market approach is used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued. The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land is classified as a Level 3 asset.

Non-Specialised Buildings

Non specialised buildings are valued also using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

To the extent that non specialised land and buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2014.

Vehicles

Vehicles are valued using the depreciated replacement cost method. The Authority acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Authority who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

For all assets measured at fair value, the current use is considered the highest and best use.

Reconciliation of Level 3 Fair Value

2014	Specialised Land	Plant, equipment and fittings	Information technology, furniture and office equipment	Vehicles
	\$	\$	\$	\$
Opening Balance	358,000	77,915	160,038	491,089
Purchases (sales)		3,482	70,004	123,829
Transfers in (out) of Level 3		(3,028)	(203)	(128,935)
Gains or losses recognised in net result				
Depreciations		(11,715)	(114,560)	(82,356)
Impairment loss				
Subtotal	0	(11,262)	(44,759)	(87,462)
Revaluation				
Subtotal	0	0	0	0
Closing Balance	358,000	66,653	115,279	403,627
Unrealised gains/(losses) on non-financial assets	0	0	0	0

**EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

Description of Significant Unobservable Inputs to Level 3 Valuations

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment	50-70% (60%)	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Plant, equipment and fittings	Depreciated replacement cost	Cost per unit	\$3,000-\$4,000 per unit (\$3,500 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of plant and equipment	10 years	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Information technology furniture and office equipment	Depreciated replacement cost	Cost per unit	\$3,000-\$4,000 per unit (\$3,500 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of information technology, furniture and office equipment	3-10 years (7 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation
Vehicles	Depreciated replacement cost	Cost per unit	\$25,000-\$60,000 per unit (\$40,000 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value
		Useful life of vehicles	7.5-10 years (7.5 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation

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FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12: PAYABLES	2014	2013
	\$	\$
Current Payables		
Trade payables	215,309	111,287
Accrued expenses	0	560,037
Other	62,561	0
Total Payables	277,871	671,324
Non-Current Payables		
Trade payables	0	0
Total Non-Current Payables	0	0
Total Payables	277,871	671,324

The carrying amounts of the Authority's trade and other payables are denominated in Australian Dollars.

Due to the short-term nature of the current payables, their carrying value is assumed to approximate their fair value.

NOTE 13: Employee Benefits

Annual leave and unconditional long service leave entitlements, representing 7 years of continuous service, measured at Nominal Value

Annual leave		
Unconditional and expected to settle within 12 months	82,678	121,507
Unconditional and expected to settle after 12 months - measured at present value	20,895	0
Long service leave		
Unconditional and expected to settle within 12 months	246,753	0
Unconditional and expected to settle after 12 months		
Other - Time in Lieu		
Unconditional and expected to settle within 12 months	4,876	6,567
Total Current	355,202	128,074
Non-Current		
<i>Conditional long service leave entitlements, measured at Present Value</i>		
Long service leave	81,975	291,706
Total Non-Current	81,975	291,706
Aggregate carrying amount		
Current	355,202	128,074
Non-Current	81,975	291,706
Total Employee Benefits	437,178	419,780
Full Time Equivalent Employee numbers at end of financial year:	21.40	22.00

The following assumptions were adopted in measuring the present value of long service leave entitlements:

Weighted average increase in employee costs	4.44%	4.50%
Weighted average discount rates	3.13%	3.79%
Weighted average settlement period	7 years	7 years

EGCMA FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 14: CONTRIBUTED CAPITAL, RESERVES AND ACCUMULATED FUNDS	2014	2013
	\$	\$
(a) Contributed capital		
Balance at beginning of year	6,987,366	6,987,366
Balance at end of year	<u>6,987,366</u>	<u>6,987,366</u>
(b) Reserves		
Asset revaluation reserve		
Balance at beginning of year	576,277	554,179
Transfer of increments/decrements on Disposal of non-current assets	0	22,098
Net transfers (to)/from accumulated funds	0	0
Asset revaluation reserve	<u>576,277</u>	<u>576,277</u>
Committed funds reserve		
Balance at beginning of year	0	0
Net transfers from accumulated funds	0	0
Committed funds reserve	0	0
Total Reserves	<u>576,277</u>	<u>576,277</u>
(c) Accumulated funds		
Balance at beginning of year	(534,744)	980,267
Net result for the period	2,179,370	(1,515,011)
Transfer from Asset Revaluation Reserve	0	0
Transfer (to)/from Committed Funds Reserve	0	0
Balance at end of year	<u>1,644,626</u>	<u>(534,744)</u>

FINANCIAL STATEMENTS 2013 - 2014

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: FINANCIAL INSTRUMENTS

The following table sets out the Authority's exposure to interest rate risk and the effective weighted average interest rate by maturity periods. Exposures arise predominantly from liabilities bearing fixed interest rates.

Interest rate exposure and maturities

	<i>Weighted Average Floating Interest Rate</i>	<i>Weighted Average Fixed Interest Rate</i>	<i>Non Interest Bearing</i>	<i>Floating Interest</i>	<i>Fixed Interest Maturing less than 1 year</i>	<i>Total</i>
2014						
Financial asset						
Cash and cash equivalents	2.32%	3.15%	800	3,405,139	5,200,000	8,605,940
Receivables	N/A	N/A	120,518	0	0	120,518
Financial Liabilities						
Payables	N/A	N/A	277,871	0	0	277,871
Net financial assets/liabilities			(156,552)	3,405,139	5,200,000	8,448,587
2013						
Financial asset						
Cash and cash equivalents	2.88%	3.54%	800	514,332	5,000,000	5,515,132
Receivables	N/A	N/A	1,174,288	0	0	1,174,288
Financial Liabilities						
Payables	N/A	N/A	671,324	0	0	671,324
Net financial assets/liabilities			503,764	514,332	5,000,000	6,018,096

The fair value of financial instruments must be estimated for recognition and measurement or for disclosure purposes.

Refer to Note 1(r) for accounting policy relating to disclosure of fair value measurement hierarchy.

The following tables present the Authority's financial assets and financial liabilities measured and recognised at fair value at 30 Jun 2014 and 2013. It also shows the comparison between the carrying amount of the asset or liability and its fair value.

**EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 15: FINANCIAL INSTRUMENTS (cont.)

	Carrying amount as at 30 Jun 14 \$	Fair Value measurement at end of reporting period using:		
		Level 1 \$	Level 2 \$	Level 3 \$
2014				
Assets				
Financial assets at fair value through profit or loss	8,726,458	8,605,940	120,518	0
Managed investment schemes				
Total Assets	8,726,458	8,605,940	120,518	0
Liabilities				
Financial liabilities at fair value through profit or loss	277,871	0	277,871	0
Total Liabilities	277,871	0	277,871	0

There have been no transfers between levels during the period.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

NOTE 16: COMMITMENTS

	2014	2013
	\$	\$
Non-Capital Commitments		
As at 30 June 2014 the Authority had \$222,834 (2013: \$38,363) in non-capital expenditure commitments. All Outstanding Commitments are to be expensed in the 2013/14 Financial Year.		
Within one year	78,805	38,363
Later than one year but not later than five years	144,029	0
Later than five years	0	0
	222,834	38,363

NOTE 17: CARRY FORWARD FUNDING

Catchment Management Authority's are responsible for the facilitation and coordination of catchments in an integrated and sustainable manner. This is achieved by undertaking projects funded by State and Federal Government programs. The Authority receives funding for specific projects which are guided by the Regional Catchment Strategy and delivered in line with the Authority's Corporate Plan approved by the Minister for Environment and Climate Change and the Minister for Water.

The projects funded by the State and Commonwealth Governments can be undertaken over multiple financial years and is received at various stages of the project life based on contractual agreements. At the end of the financial year there are some projects that have not reached completion but will be completed within the contractual terms in future financial periods. At balance date the Authority has significant cash and cash equivalents that will be utilised to complete these projects in future financial years. Refer Note 9 - Cash and Cash Equivalent for balances on hand.

NOTE 18: CONTINGENT ASSETS AND LIABILITIES

Contingent Assets

As at 30 June 2014, the Authority has no contingent assets (\$nil 2013).

Contingent Liabilities,

As at 30 June 2014, the Authority has no contingent liabilities (\$nil 2013).

NOTE 19: SUPERANNUATION

Accumulation and Defined Benefits

The Authority makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the Authority and the Authority's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Operating Statement when they are made or due.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2014, this was 9.25% required under Superannuation Guarantee legislation). Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2014, the Superannuation Guarantee contribution rate is legislated to increase to 9.5%, and will progressively increase to 12% by 2019. Based on announcements included in the May 2014 Federal Budget, this progressive increase to 12% will be delayed until 2022.

Defined Benefit

As provided under Paragraph 34 of AASB 119, the Authority does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate

obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Authority in the Fund cannot be measured as a percentage compared with other participating employers. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding Arrangements

The Authority makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. The Fund's employer funding arrangements comprise of three components (which are detailed below) are:

1. Regular contributions - which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
2. Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
3. Retrenchment increments – which are additional contributions to cover the increase in liability arising from retrenchments.

The Authority is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Employer contributions - regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, the Authority makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2014, this rate was 9.25% of members' salaries. This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

In addition, the Authority reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

Funding calls

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:

- a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
- a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the Authority) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

NOTE 19: SUPERANNUATION (cont.)

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:

- The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period;
- The service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993 service period; and
- The pensioner (including fixed term pension) liabilities which are allocated to the pre-1993 period.

The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993.

The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Differences between calculations

The Fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions), for the calculation of accrued benefits as required in AAS 25 and for the values needed for the AASB 119 disclosure in the Authority's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

Retrenchment increments

During 2013-14, the Authority was not required to make payments to the Fund in respect of retrenchment increments (\$nil in 2012/13). The Authority's liability to the Fund as at 30 June 2014, for retrenchment increments, accrued interest and tax is \$nil (\$nil in 2012/13).

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which the Authority is a contributing employer.

The Authority was made aware of the expected shortfall during the 2011/12 year and was formally informed of its share of the shortfall on 31st July 2012. The Authority has not been advised of any further adjustments.

The Authority's share of the shortfall amounted to \$115,343 (excluding contributions tax) which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits and in the Balance Sheet in Current Liabilities in Payables.

No further amount has been accounted for in the 2013/14 Comprehensive Operating Statement within Employee Benefits (see Note 5) and in the Balance Sheet in Current Liabilities Payables (see Note 12) (\$nil in the 2012/13 Comprehensive Operating Statement with Employee Benefits and \$nil in the 2012/13 Balance Sheet in Current Liabilities Payables).

There is no amount of unpaid shortfall at 30 June 2014 (\$nil unpaid amount for 2012/13).

EGCMA ANNUAL REPORT 2013 - 2014

NOTE 19: SUPERANNUATION (cont.)

Accrued benefits

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

	31 December 2011 \$'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	4,642,133
	<u>(326,809)</u>
 Vested Benefits	
(Minimum sum which must be paid to members when they leave the fund)	4,838,503
The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:	
Net Investment Return	7.5% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

The next full actuarial investigation of the Fund's liability for accrued benefits will be based on the Fund's position as at 30 June 2014. The anticipated completion date of this actuarial investigation is 19 December 2014.

The Authority contributes in respect of its employees to the following superannuation schemes:

Fund	Type of Scheme	Rate	2014 \$	2013 \$
Vision Super	Defined benefits	9.25%	9,993	9,444
Vic Super New Scheme	Accumulation	9.25%	97,222	81,684
Vision Super Saver	Accumulation	9.25%	104,729	112,677
All Other funds	Accumulation	9.25%	80,214	60,065
Total contributions to all funds			<u>292,158</u>	<u>263,870</u>

As at the balance date there was no contributions payable to any fund (2013: Nil).

No balances were repayable in respect of loans made to the Authority from any fund.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2015 is \$11,132.

NOTE 20: RESPONSIBLE PERSONS RELATED DISCLOSURES

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.

The persons who were responsible persons at anytime during the financial year were

Honourable Ryan Smith, MP	Minister for Environment and Climate Change		
Honourable Peter Walsh, MLA	Minister for Water		
Peter Veenker	Chair	1st July 2013	30th June 2014
John Colin Groom	Board Member & Deputy Chair	1st July 2013	30th June 2014
Graeme James Dear	Chief Executive Officer	1st July 2013	30th June 2014
Ross Anthony Ingram	Board Member	1st July 2013	30th June 2014
Helen Bull	Board Member	1st July 2013	30th September 2013
Nicola Jaine Watts	Board Member	1st July 2013	30th September 2013
William Ernest Bulmer	Board Member	1st July 2013	30th June 2014
Kate Louise Young	Board Member	1st July 2013	30th June 2014
Kenneth Charles Norris	Board Member	1st July 2013	31st December 2013
Neville Arthur Penrose	Board Member	1st July 2013	30th September 2013
Richard Geoffrey Robertson	Board Member	14th October 2013	30th June 2014

No contractors had significant management responsibilities during the financial year.

Remuneration of responsible persons

Remuneration paid to Ministers is reported in the Annual Report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members' Interests which each member of the Parliament completes.

Remuneration received or receivable from the Authority in connection with the management of the Authority during the reporting period was:

Band	2014	2013
\$0-\$9,999	4	8
\$10,000-\$19,999	5	1
\$20,000-\$29,999	1	1
\$180,000-\$189,999	1	1
Total Remuneration \$	310,519	334,140

EGCMA ANNUAL REPORT 2013 - 2014

Responsible Persons - related parties

There were no other transactions conducted with responsible persons or their related parties during the financial year ended 30 June 2014 (2012/13: Nil).

Remuneration of executive officers

The number of executive officers, other than responsible persons, whose total remuneration falls within the specified bands above \$100,000 are as follows:

Band	Total Remuneration		Base Remuneration	
	2014	2013	2014	2013
\$120,000-\$129,999	1	1	1	1
\$140,000-\$149,999	-	1	-	1
\$150,000-\$159,999	1	-	1	-
Total number of Executive Officers	2	2	2	2
Total Annualised Employee Equivalent (*)	2.0	2.0	2.0	2.0
Total Remuneration \$	279,305	271,877	279,305	271,877

(*) Annualised Employee Equivalent is based on working 38 ordinary hours per week over the reporting period

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the first two columns in the table above in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments. The total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

EGCMA ANNUAL REPORT 2013 - 2014

NOTE 21: RECONCILIATION OF NET RESULT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES	2014	2013
	\$	\$
Net result for the period	2,179,370	(1,515,011)
Add/(less) Non-Cash Flows in Net Result		
(Profit) / loss on disposal of non-current assets	8,989	(1,887)
Depreciation and amortisation	224,502	157,866
	<u>2,412,861</u>	<u>(1,359,032)</u>
Changes in Assets and Liabilities		
Decrease/(increase) in trade receivables	1,149,570	(1,220,003)
Decrease/(increase) in prepayments	(19,176)	11,013
(Decrease)/Increase in payables	(393,453)	199,224
(Decrease)/increase in employee benefits	17,398	53,444
Net Cash flows from Operating Activities	<u>3,167,200</u>	<u>(2,315,354)</u>

NOTE 22: SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Authority, the results of those operations, or the state of affairs of the Authority in future financial years.

INDEPENDENT AUDITOR'S REPORT

To the Board Members, East Gippsland Catchment Management Authority

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of the East Gippsland Catchment Management Authority 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 Board Members' Responsibility for the Financial Report

The Board Members of the East Gippsland Catchment Management Authority 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 Board Members 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 Board Members, 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.

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 East Gippsland Catchment Management Authority as at 30 June 2014 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 East Gippsland Catchment Management Authority for the year ended 30 June 2014 included both in the East Gippsland Catchment Management Authority's annual report and on the website. The Board Members of the East Gippsland Catchment Management Authority are responsible for the integrity of the East Gippsland Catchment Management Authority's website. I have not been engaged to report on the integrity of the East Gippsland Catchment Management Authority'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 these statements. 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
8 September 2014


John Doyle
Auditor-General

APPENDIX 1

DISCLOSURE INDEX

The Annual Report of the East Gippsland Catchment Management Authority is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Authority's compliance with statutory disclosure

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Ministerial Directions		
Report of Operations – FRD Guidance		
FRD 22D	Manner of establishment and the relevant Ministers	Page 5
FRD 22D	Objectives, functions, powers and duties	5-6
FRD 22D	Nature and ranges of services provided	2-6
Management and Structure		
FRD22D	Organisational structure and corporate governance arrangements	9
Financial and other information		
FRD 8	Budget portfolio outcomes	N/A
FRD 10	Disclosure Index	71
FRD 12A	Disclosure of major contracts	36
FRD 15B	Executive Officer disclosures	38
FRD 22D	Operational and budgetary objectives and performance against objectives	7-18
FRD 22D	Employment and conduct principles	9
FRD22D	Occupational health and safety policy	35
FRD 22D	Summary of the financial results for the year	36
FRD 22D	Significant changes in financial position during the year	35
FRD 22D	Major changes or factors affecting performance	36
FRD 22D	Subsequent events	35
FRD 22D	Application and operation of Freedom of Information Act 1982	33
FRD 22D	Compliance with building and maintenance provisions of Building Act 1993	33
FRD 22D	Statement on National Competition Policy	33
FRD 22D	Application and operation of the Protected Disclosures Act	33
FRD 22D	Details of consultancies over \$10,000	36
FRD 22D	Details of consultancies under \$10,000	36
FRD 22D	Statement of availability of other information	33
FRD 24C	Reporting of office based environmental impacts	34
FRD 25A	Victorian Industry Participation Policy disclosures	33
FRD 29	Workforce Data disclosures	10
SD 4.5.5	Risk management compliance attestation	35
SD 4.5.5.1	Ministerial Standing Direction 4.5.5.1 compliance attestation	35
SD 4.2(g)	Specific information requirements	42
SD 4.2(j)	Sign-off requirements – Accountable Officers declaration	38

EGCMA ANNUAL REPORT 2013 - 2014

LEGISLATION	REQUIREMENT	PAGE REFERENCE
Financial Report		
SD 4.2(a)	Statement of changes in equity	41
SD 4.2(b)	Operating statement	39
SD 4.2(b)	Balance sheet	40
SD 4.2(b)	Cash flow statement	41
Other requirements under Standing Directions 4.2		
SD 4.2(c)	Compliance with Australian accounting standards and other authoritative pronouncements	42
SD 4.2(c)	Compliance with Ministerial Directions	38
SD 4.2(d)	Rounding of amounts	42
SD 4.2(c)	Accountable officer's declaration	38
SD 4.2(f)	Compliance with Model Financial Report	42
Other disclosures as required by FRD's in notes to the financial statements		
FRD 9A	Departmental Disclosure of Administered Assets and Liabilities by Activity	N/A
FRD 11A	Disclosure of Ex Gratia Payments	N/A
FRD 13	Disclosure of Parliamentary Appropriations	N/A
FRD 21B	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	66
FRD 102	Inventories	44
FRD 103D	Noncurrent Physical Assets	42
FRD 104	Foreign Currency	N/A
FRD 106	Impairment of Assets	44
FRD 109	Intangible Assets	45
FRD 107	Investment Properties	N/A
FRD 110	Cash Flow Statements	41
FRD 112C	Defined Benefit Superannuation Obligations	62
FRD 113	Investments in Subsidiaries, Jointly Controlled Entities and Associates	N/A
FRD 114A	Financial Instruments – General Government Entities and Public Non Financial Corporations	60
FRD 119	Contributions by Owners	N/A
Legislation		
	<i>Freedom of Information Act 1982</i>	33
	<i>Building Act 1983</i>	33
	<i>Victorian Industry Participation Policy Act 2003</i>	33
	<i>Financial Management Act 1994</i>	38
	<i>Multicultural Victoria Act 2004</i>	33
	<i>Protected Disclosures Act 2012</i>	33

LIST OF USED ACRONYMS/ABBREVIATIONS

AGRD	Australian Government Regional Delivery program
CALP	Catchment and Land Protection
CEO	Chief Executive Officer
CMA	Catchment Management Authority
DEPI	Department of Environment and Primary Industries
EGCMA	East Gippsland Catchment Management Authority
EGLN	East Gippsland Landcare Network
EGRCMN	East Gippsland Rainforest Conservation Network
EGSC	East Gippsland Shire Council
EGWS	East Gippsland Waterway Strategy
EPBC	Environment Protection and Biodiversity Conservation
FEVL	Far East Victoria Landcare Network
FMA	Financial Management Act
FOI	Freedom of Information
GA	Greening Australia
GL	Gippsland Lakes
GLEF	Gippsland Lakes Environmental Fund
GLES	Gippsland Lakes Environmental Strategy
GLaWAC	Gunaikurnai Land and Waters Aboriginal Corporation
GLMAC	Gippsland Lakes Ministerial Advisory Committee
GPCMN	Gippsland Plains Conservation Management Network
Ha or ha	Hectare
IBAC	Independent Broad-based Anti-corruption Commission
Km	Kilometre
LRF	Littoral Rainforest
LWMP	Land and Water Management Plan
N/A	Not Applicable
No.	Number
NRM	Natural Resource Management
OHS	Occupational Health and Safety
PD	Protected Disclosure
PV	Parks Victoria
PWG	Program Working Groups
RCS	Regional Catchment Strategy
RIP	Regional Investment Proposal
RLC	Regional Landcare Coordinator
RNVP	Regional Native Vegetation Plan
RSMP	Regional Salinity Management Plans
SFS	Southern Farming Systems
SPRA	Securing Priority Riparian Areas
The Authority	East Gippsland Catchment Management Authority
TFN	Trust for Nature
TOR	Terms of Reference
VEWH	Victorian Environmental Water Holder
VLG	Victorian Landcare Grant
VWGIF	Victorian Water Group Investment Framework
Water Act	<i>Water Act 1989</i>
WGCMA	West Gippsland Catchment Management Authority
WMM	Works Monitoring Method



EAST GIPPSLAND
CATCHMENT
MANAGEMENT
AUTHORITY



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