

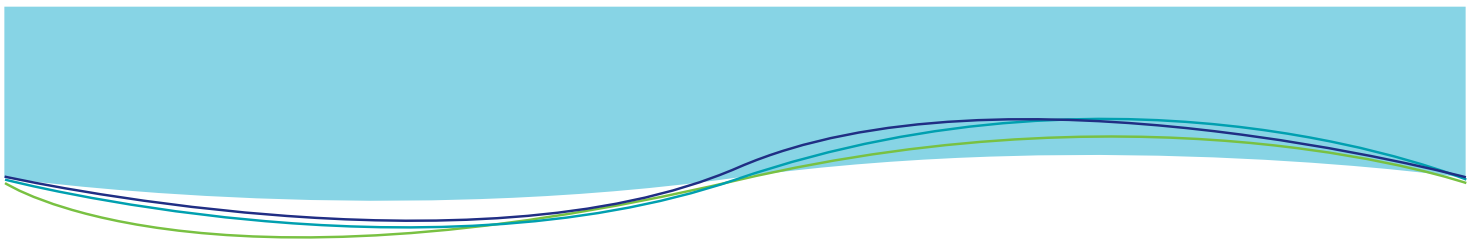


Annual Report 2019 - 2020



EAST GIPPSLAND
CATCHMENT
MANAGEMENT
AUTHORITY





Acknowledgement

Front cover photo – Benedore River in the Far East catchment

Photo supplied by – East Gippsland Catchment Management Authority.

Published by East Gippsland Catchment Management Authority

574 Main Street, (PO Box 1012) Bairnsdale 3875

Phone 03 5152 0600

Fax 03 5150 3555

Email address: egcma@egcma.com.au

Website: www.egcma.com.au

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

© State of Victoria, East Gippsland Catchment Management Authority 2020. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the Copyright Act 1968.

ISSN 1837-1116 (Print)

ISSN 2205-958X (Online)

Table of Contents

PART 1 – YEAR IN REVIEW	3
1. CHAIRMAN’S REPORT	4
2. MANNER OF ESTABLISHMENT AND RESPONSIBLE MINISTER/S	8
3. NATURE AND RANGE OF SERVICES PROVIDED	8
3.1 EAST GIPPSLAND REGION	8
4. PURPOSE AND FUNCTIONS	9
4.1 VISION AND MISSION	9
4.2 STRATEGIC DIRECTION	10
4.3 CATCHMENT AND LAND PROTECTION ACT 1994	10
4.4 WATER ACT 1989	10
4.5 PERFORMANCE AGAINST OUTPUT PERFORMANCE MEASURES	11
4.5.1 ACHIEVEMENTS	11
4.5.2 OPERATIONAL PERFORMANCE AND PROJECTS	11
4.6 PROGRAM OUTPUTS	19
4.7 CATCHMENT CONDITION	22
4.8 REGIONAL SUMMARY	23
4.9 WATERWAYS - THE CONDITION OF RIVERS, WETLANDS AND ESTUARIES	24
4.10 BIODIVERSITY - THE CONDITION OF NATIVE HABITAT AND HEALTH OF NATIVE SPECIES	25
4.11 COASTS AND MARINE - THE LEVEL OF PROTECTION FOR COASTS	26
4.12 LAND - THE MANAGEMENT OF ENVIRONMENT AND LONG-TERM PRODUCTIVITY	28
4.13 COMMUNITY - THE BENEFITS THAT FLOW FROM COMMUNITY PARTICIPATION	29
5. PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS	30
6. KEY INITIATIVES	31
7. FIVE YEAR FINANCIAL SUMMARY	33
8. CURRENT YEAR FINANCIAL REVIEW	33
9. SIGNIFICANT CHANGES IN FINANCIAL POSITION	33
10. SIGNIFICANT CHANGES OR FACTORS AFFECTING PERFORMANCE	33
11. CAPITAL PROJECTS	33
12. DISCLOSURE OF GRANTS AND TRANSFER PAYMENTS	33
13. SUBSEQUENT EVENTS	33
PART 2 – GOVERNANCE & ORGANISATIONAL STRUCTURE	34
14. ORGANISATIONAL CHART	34
15. GOVERNING BOARD	34
16. BOARD COMMITTEES	35
16.1 AUDIT AND RISK BOARD SUB-COMMITTEE	35
16.2 COMMUNICATIONS AND ENGAGEMENT BOARD SUB-COMMITTEE	36
16.3 PEOPLE AND REMUNERATION BOARD SUB-COMMITTEE	36
16.4 SENIOR EXECUTIVES	37
17. EMPLOYMENT AND CONDUCT PRINCIPLES	38

18.	OCCUPATIONAL HEALTH AND SAFETY	38
PART 3 – WORKFORCE DATA		40
19.	COMPARATIVE WORKFORCE DATA	40
20.	WORKFORCE INCLUSION POLICY	41
PART 4 - OTHER DISCLOSURES		41
21.	LOCAL JOBS FIRST	41
22.	GOVERNMENT ADVERTISING EXPENDITURE	42
23.	CONSULTANCY EXPENDITURE	42
24.	INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE	42
25.	DISCLOSURE OF MAJOR CONTRACTS	42
26.	FREEDOM OF INFORMATION	42
27.	COMPLIANCE WITH BUILDING ACT 1993	43
28.	COMPETITIVE NEUTRALITY POLICY	44
29.	COMPLIANCE WITH THE PUBLIC INTEREST DISCLOSURES ACT 2012	44
30.	COMPLIANCE WITH THE DISABILITY ACT 2006	44
31.	COMPLIANCE WITH ANY OTHER LEGISLATION	45
32.	OFFICE-BASED ENVIRONMENTAL IMPACTS	45
33.	COMPLIANCE WITH DATAVIA ACCESS POLICY	45
34.	ADDITIONAL INFORMATION AVAILABLE ON REQUEST	45
35.	FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT	46
PART 5 - FINANCIAL STATEMENTS		47
DISCLOSURE INDEX		95
LIST OF USED ACRONYMS/ABBREVIATIONS		97

PART 1 - YEAR IN REVIEW

In accordance with the *Financial Management Act 1994* (FMA), we are pleased to present the Annual Report for the East Gippsland Catchment Management Authority (the Authority) for the year ending 30 June 2020.

A handwritten signature in dark ink, reading "Ewan Waller". The script is cursive and fluid, with the first letters of the first and last names being capitalized and prominent.

Ewan Waller, Chairperson
East Gippsland Catchment Management Authority
30 October 2020

1. CHAIRMAN'S REPORT

This report provides transparency to our community, the government and other stakeholders about the outcomes we are achieving with government investment. The report describes how the Authority is responding to the priorities of Government reflected in the *Catchment Management Authority Letter of Expectations*.

As such, I provide this chairman's report consistent with those nine expectations as follows:

1. Climate Change

Three major climate change initiatives are progressing as follows:

- The Authority has assessed our own emission levels and have completed concept work for a solar bank to achieve net zero emissions by 2025. The next stage for completion next year is statutory approvals and design and construct.
- The Lakes Entrance Growth and Adaption Strategy is a cooperative effort between East Gippsland Shire Council, Department of Environment, Land, Water and Planning (DELWP) and the Authority. The driver for the strategy is to address the potential future impacts of sea-level rise and riverine flooding on Lakes Entrance Township. The agencies are working through the potential impacts on future town planning and development to try and determine the best adaption strategy for the future.
- The Gippsland Lakes climate impacts are one factor being considered in a new Gippsland Lakes program called "Room to Move". The new concept is seeking ways to manage the lake environment in a future where climate variables exist. Issues such as lake level increases affecting management of adjoining rivers and wetlands, lakeside town infrastructure planning and cultural heritage protection are being considered jointly in the new concept.

2. Waterway and Catchment Health

The Authority has completed all obligations for the fourth Environmental Contributions Levy (EC4) tranche of funding programs. We have submitted a proposal for the EC5 tranche of funding to be considered by government in 2020/21. Key achievements for EC4 were:

- Continuation of planning and implementation of the Flagship programs including Mitchell River, Cann River and the Gippsland Lakes.
- Continuation of the Authority willow and woody weed control programs in the upper catchment's streams across East Gippsland. Continuing these programs ensures willows and blackberry can no longer dominate our waterways as was the case in the past.
- The Gippsland Lakes program; overseen by the Gippsland Lakes Coordinating Committee (GLCC), has involved over 40 agencies and groups in a significant partnership of works.
- Riparian improvement works in partnership with landholders, angling clubs and community groups has led to significant areas of waterway being restored.

3. Water for Agriculture

The Authority has supported planning for the \$10 million Lindenow Valley Water Security project, which is helping Lindenow Valley agriculture businesses to build infrastructure for water storage and application on farm. The project implementation is being managed by Rural Finance over the coming years.

4. Community Engagement and Partnerships

High levels of effective engagement are fundamental to the success of the Authority in delivering our programs. The Authority engagement activity is guided by an annual engagement and participation plan reviewed annually and monitored by the Board at each meeting. The plan guides the development and maintenance of engagement at all levels from Board through to all staff.

Some examples are as follows:

- The Authority is a member of Vic Catchments, a collegiate body of all 10 Catchment Management Authority (CMA) Chairs and CEO's designed to improve high-level state-wide relationships with partner agencies and groups such as Landcare, Greening Australia and Trust for Nature.
- The Authority provides administrative support to the GLCC jointly managed by the East Gippsland and West Gippsland CMAs. The committee reports to the Minister for Water and recommends priorities for Gippsland Lakes program funding.
- The East Gippsland CEO's forum and Gippsland Environment Agencies (GEA) forum underpins the implementation of the East Gippsland Catchment Partnership Agreement. Both forums are represented by agency leaders who are working together on common priorities set each year.
- Program Working Groups are comprised of partner agencies, groups and individuals coordinating and implementing our landscape priority programs, both within East Gippsland and Cross-Border.
- The Authority has directly supported fire and drought affected communities through planning sessions, one on one visits and get togethers.

5. Recognise and support Aboriginal cultural values and economic inclusion in the water sector

- The Authority is supporting the GLaWAC water officer positions in Gippsland together with other Gippsland water corporations. The positions are helping GLaWAC further identify cultural values along our waterways and discuss options for future management.
- GLaWAC is participating fully in the development of future waterway programs such as Gippsland Lakes "Room to Move" and the flagship Mitchell River Rehabilitation. Important cultural priorities are being identified as part of these processes.
- Our long-term partnership with Moogji Aboriginal Corporation on the Snowy River continued. The long-term crews program has assisted Moogji to develop skills and reputation sufficient to meet competitive tender criteria for other agencies in East Gippsland.
- The Authority is also supporting the development of the "Parks as Products" initiative as part of implementation of the Gunaikurnai and Victorian Government Joint Management Plan. Successful completion of this project is designed to identify and leverage cultural knowledge and stories relevant to each of the ten jointly managed parks and reserves.

6. Recognise recreational values

Communities utilise our natural environments for recreational purposes such as enjoying nature, camping, fishing and paddling. The Authority is working with many different community groups to increase their involvement and participation in improving the environment.

- Our community grants programs including Gippsland Lakes Community Grants, Landcare grants, Riparian Action Plan grants, and Angler Riparian grants are assisting more groups in getting involved in worthwhile projects.
- Additionally, the Authority continues to provide support for community led initiatives such as the Bairnsdale Rowing Regatta held annually on the Mitchell River and clean up days by community groups and clubs like the WyYung Angling Club.
- Recreational values are also being incorporated into regional landscape plans for the future. For example, community spaces are being incorporated into the Lower Mitchell Rehabilitation plan, one of the priority flagship projects listed in the Water Plan for Victoria.

7. Resilient and liveable cities and towns

The Integrated Water Management (IWM) Forum has been well integrated with the East Gippsland CEO's forum to provide seamless support from key partner agency leaders. IWM funding has been approved by the Minister for Water for several projects in East Gippsland including a water re-use project at the Bairnsdale Sale Yards and recreation reserve.

8. Leadership, culture and diversity

- The Authority Chairs the GEA forum and led development of a partnership agreement between Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) and the 13 forum member agencies.

The agreement establishes four key objectives about aboriginal workforce development, increased participation in decision making On Country, implementation of the Joint Management Plan and increasing cultural knowledge and understanding.

The agreement is driving a coordinated effort from all partner agencies and GLaWAC achieving outcomes like observer programs on boards and sub-committees of water corporations, contributing to cultural understanding and training, shared services and exchanges of staff between agencies and increased levels of participation in landscape programs.

- GEA also hosts our Women Leadership Team (GEA WLT). Managed by women in Gippsland, the forum is about developing and fostering leadership at all levels. GEA WLT hosts an annual regional forum, a mentoring program, jointly convened training across agencies and has involved over 500 women in Gippsland to date.
- The Authority has a Diversity and Inclusion Plan with actions and targets monitored by the Board. Through our engagement processes, the Authority is also encouraging greater adoption of diversity and inclusion with our partners.
- The Authority also provides administrative support services for Gunaikurnai Land and Water Traditional Owner Land Management Board (GKTOLMB). The service utilises the Authority's governance skills, systems and expertise to help our partners focus on their respective roles. The service also improves efficiencies between partner organisations.

9. Improved performance and demonstrating outcomes

The Authority has established consistent methods to monitor progress against strategy, operations and statutory obligations. Specific achievements this year are as follows:

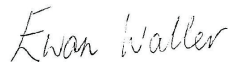
- The Board has a simple strategy it follows to set and track major objectives for the year, consistent with the Statement of Expectations and Statement of Obligations. Progress is monitored at each Board meeting.
- Monitoring Evaluation Reporting and Improvement (MERI) Plans are in place for the flagship waterway programs at Cann River and Gippsland Lakes. All National Landcare Program Phase 2 (NLP2) programs have MERI plans which guide Authority obligations for monitoring and reporting.
- The flagship program monitoring and reporting framework has provided a simple and clear method to set and monitor large scale programs. The Authority has a monitoring system for all past works which consistently provides information about site condition and compliance with landholder agreements. The information aggregates to provide reach and landscape scale assessments of our progress monitored by the Board.
- Efficiencies are being achieved through shared services arrangements with other CMA's such as West Gippsland CMA for Statutory functions. The Shared Statutory unit is also trialling supporting two other CMA's presently. A new shared financial system is being rolled out involving 7 of the 10 CMAs. The East Gippsland CEO's forum is also achieving efficiencies through sharing services and staff.

The Authority is expanding formal partnerships with our community, interest groups and partner agencies. It is our enduring partnerships that help guide successful implementation.

The last year has presented significant challenges to the East Gippsland community. Highest amongst them is the ongoing drought, extensive bushfires and now coronavirus (COVID-19). The impacts have been widespread across East Gippsland in areas such as business and economic activity, social interaction and the environment. The Catchment Condition report contained within provides examples of the impacts on environment and community over this past year. Whilst not surprising, the assessments show decline in condition across all our asset categories that are concerning to all of us. The Authority is committed to considering and testing new ways to ensure a resilient environment and community in the future.

Despite these challenges our community, partners and staff have continued to support each other and make significant achievements together.

On behalf of the Board, I would like to thank all those partners and our staff that have helped our Authority complete a very successful year's work in the most demanding year we have faced.



Ewan Waller
Chairperson

2. MANNER OF ESTABLISHMENT AND RESPONSIBLE MINISTER/S

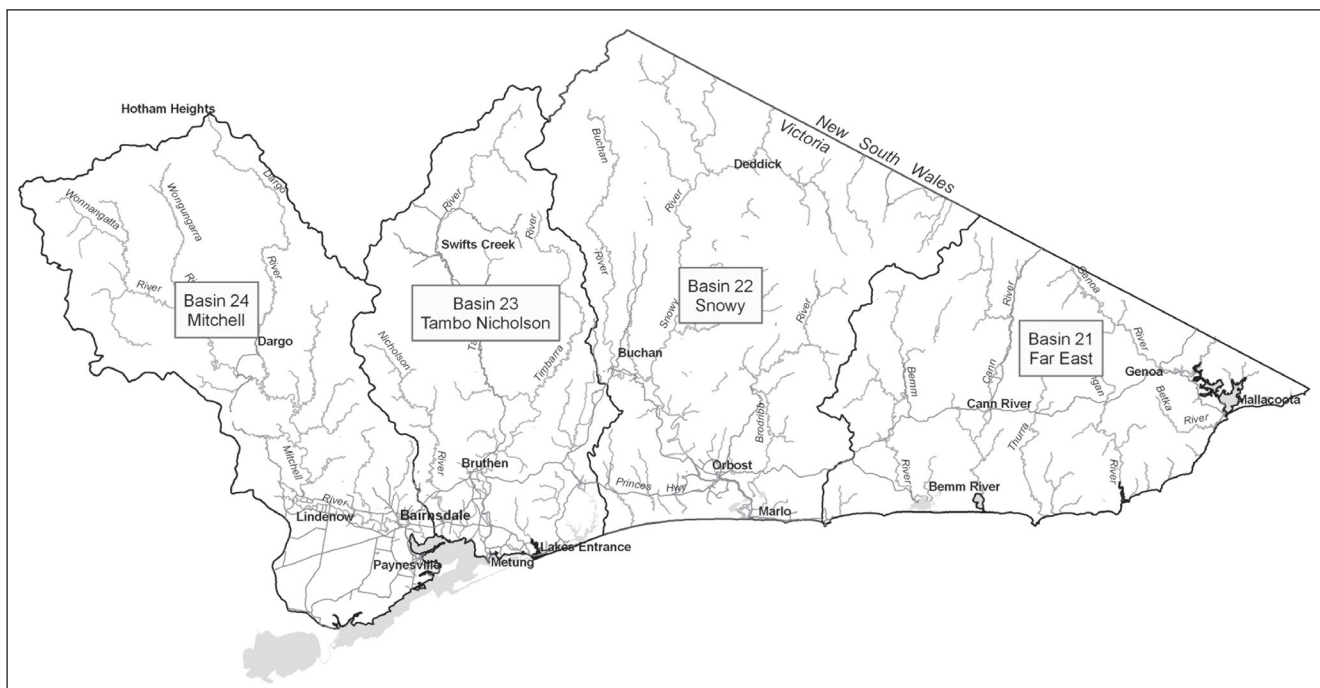
The East Gippsland Catchment Management Authority is established under the *Catchment and Land Protection Act 1994* (CaLP Act). The responsible Ministers for the period from 1 July 2019 to 30 June 2020 were the Hon Lisa Neville MP, Minister for Water and the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

3. NATURE AND RANGE OF SERVICES PROVIDED

The Authority provides for the integrated management of land, biodiversity and water resources in the region. It also has responsibility for the planning and delivery of river health works and several statutory activities.

The Authority serves the communities of the East Gippsland Shire and parts of the Wellington and Alpine Shires. The Authority's customers and stakeholders include; Government departments (Federal and State), Traditional Owners, local government and non-government organisations, external investors, community groups and members of the public.

Figure 1. The East Gippsland Catchment Management Region



3.1 EAST GIPPSLAND 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, in the eastern-most part of Victoria. It is entirely south of the Great Dividing Range and includes the catchments of waterways 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 the East Gippsland diverse landscape include:

- The Gippsland Lakes, which have significant environmental, social and economic value and are a designated site on the Ramsar Convention on Wetlands of International Importance.
- An array of streams, especially the wild rivers, including the iconic Snowy River and Victoria's biggest unregulated stream, the Mitchell River.
- A long coastal reach with undeveloped estuaries, ocean beaches and spectacular headlands.
- Mountains and forests, which provide great scenery, clean air, clean water, recreational opportunity and forestry products.
- Productive farming lands, especially in the river valleys.
- Living wealth in the form of native plants and animals, some of which occur only in this region.
- Places of cultural significance for the Gunaikurnai people, including (8 of the 10) parks and reserves appointed under Native Title, jointly managed by GLaWAC and the Victorian Government through Parks Victoria.

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 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, including some of 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.

In a 2010 Native Title Determination, the Federal Court recognised that the Gunaikurnai hold native title rights over much of Gippsland.

At the same time, the Victorian Government took additional steps to recognise Gunaikurnai peoples' traditional rights and ownership and entered into a Recognition and Settlement Agreement (RSA) under the *Traditional Owner Settlement Act 2010* (Vic) with the Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC). GLaWAC is the 'traditional owner group entity' for the purposes of the RSA. GLaWAC is also the Prescribed Body Corporate for the purposes of the *Native Title Act 1993* (Commonwealth) and the Registered Aboriginal Party (RAP) for the area for the purposes of the *Aboriginal Heritage Act 2006*.

As part of the RSA, ten parks and reserves have been granted to the Gunaikurnai as 'Aboriginal Title' by the Victorian Government. These Aboriginal Title areas are being jointly managed by Gunaikurnai and the Victorian Government. Eight of these parks and reserves are within the Authority's region.

4. PURPOSE AND FUNCTIONS

4.1 VISION AND MISSION

The Authority is a government statutory authority whose role is managing waterways and influencing catchment management in partnership with the community. Our 2025 vision is:

"We are leaders in integrated catchment management partnering with our communities to enhance East Gippsland's landscapes, biodiversity and cultural heritage."

The Authority's Strategic objectives directly reflect those of the Victorian Government Integrated Catchment Management Goals (ICM) goals articulated through the policy statement "Our Catchments Our Communities, Integrated Catchment Management in Victoria" (OCOC). The 5 goals of the policy are:

1. Effective community engagement in catchment management.
2. Better connections between state, regional and local planning.
3. Strengthened implementation of regional catchment strategies.
4. Clearer roles strengthened accountability and coordination.
5. Improved monitoring, evaluation and reporting.

There are a number of other state-wide policies and frameworks that determine our planning approach. The Authority has ensured that its strategic direction aligns with the state-wide strategies such as:

- Water Plan for Victoria
- Protecting Victoria's Environment - Biodiversity 2037
- Victorian Waterway Management Strategy
- Victorian Floodplain Management Strategy
- Regional Riparian Action Plan
- Gippsland Sustainable Water Strategy
- *Climate Change Act 2017*

4.2 STRATEGIC DIRECTION

Our strategic direction is determined within the East Gippsland Regional Catchment Strategy (RCS), which aligns with government policy and strategies listed above. The roles and responsibilities of the Authority in achieving the RCS vision and goals are set out in governing legislation. The Authority's major functions under its governing legislation are described in the sections below.

4.3 CATCHMENT AND LAND PROTECTION ACT 1994

Coordinating the Regional Catchment Strategy and supporting plans

Responsibilities under the *Catchment and Land Protection Act 1994* (CaLP Act) include providing Victorian 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-groundwork by supporting agencies, individuals and community groups.

Community Engagement

The Authority helps build government and community cooperation in maintaining our natural resources.

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.

4.4 WATER ACT 1989

On-ground river health works

The *Water Act 1989* establishes the Authority as caretaker for waterways of East Gippsland. This means planning and delivering on-grounds works designed to maintain or improve the health of our waterways is guided by the East Gippsland Waterway Strategy (EGWS).

Statutory Functions

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 is also provided 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.

Community Engagement

The Authority helps build government and community cooperation in maintaining and improving the health of our waterways.

4.5 PERFORMANCE AGAINST OUTPUT PERFORMANCE MEASURES

This section of the report includes annual achievements, operational performance and projects aligned to the regional outcomes in the Corporate Plan and program outputs.

4.5.1 ACHIEVEMENTS

Some of the key achievements for the Authority this year have included:

- The community support and response provided by the Authority, during and immediately after drought, bushfires over summer and during the coronavirus pandemic, was well received by communities. The Authority continues to provide support to our communities affected.
- Bushfire recovery efforts are well underway. Replaced fencing programs are well advanced. Planning for weed and pest control is underway. One on one support is being provided to all community partners affected by the fire event. The Authority is involved in local and regional recovery efforts with all agencies.
- The partnership between the Authority and GLaWAC has strengthened with greater participation from Aboriginal people in planning, leadership, decision making in regional NRM programs.
- This year we had some challenging environmental conditions, including drought and fire, however the Authority works program and community engagement was still maintained and delivered to meet expectations of community and funding agreements.
- The ongoing commitment to controlling willows across East Gippsland is a major achievement for the Authority. More than three quarters of our waterways across the region are free of willows and continue to be maintained at this level. The follow up in catchments that were burnt will be important into the future.

4.5.2 OPERATIONAL PERFORMANCE AND PROJECTS

The following section of the report provides significant achievements of the regional outcomes outlined in the Corporate Plan 2019/20 – 2023/24.

1. Climate Change

The Authority has assessed our own emission levels and have completed concept work for a solar bank to achieve net zero emissions by 2025. The next stage for completion next year is statutory approvals and design and construct.

The Authority continues to implement the East Gippsland Climate Change Adaptation and Mitigation Plan. As part of the implementation of this plan, there are two key projects, including the Lakes Entrance Growth and Adaptation Plan, and Gippsland Lakes 'Room to Move'.

The Lakes Entrance Growth and Adaptation Plan is progressing. East Gippsland Shire Council are leading the project with support from the Authority. The driver for the strategy is the potential future impacts of sea level rise and riverine flooding on the Lakes Entrance township. The project has identified key risks and impacts and has commenced the consideration and prioritisation of management options.

The Gippsland Lakes 'Room to Move' project continues to develop. The project is seeking new ways to manage the lake environment in a future where climate variables exist. Issues such as lake levels increasing affect management of adjoining rivers and wetlands, lakeside town infrastructure and cultural heritage protection. These issues are being considered and managed. Some of the key achievements as part of this project include protecting, and creating new wetlands for dependent species, such as the endangered growling grass frog.

2. Waterway and Catchment Health

Considering the challenging environmental conditions the Authority was faced with this year, including widespread drought and landscape scale bushfires, the on-ground works program was delivered to standard. Some of the key highlights for the waterway and catchment health program for this year are outlined below.

- The Cann River, the Authority's focussed Flagship Waterway for this year has moved into the next phase of 'Targeted Achieved'. The past four years of concentrated funding into this reach of river has targeted works to achieve the remaining stage.
- The bushfires impacted on the woody weed maintenance program in the upper catchments. The works that were not completed during summer and autumn 2019/20 are planned to be completed in spring 2020.
- The Gippsland Lakes program continues to deliver a well-coordinated and collaborative approach to managing the Gippsland Lakes Ramsar site and catchments. There are more than 40 agencies and community groups working together to manage the Gippsland Lakes.

3. Water for Agriculture

As part of the waterway and catchment health program the Authority has established a series of waterway goals. The EGWS on-ground works priorities are captured in the Authority's waterway goals. These do not describe all planned works, but instead set targets for mitigating the key threats to rivers across East Gippsland.

The Authority has developed waterway goals that summarise the key points in the EGWS and communicate the priorities and direction of the Authority's works program.

Waterway Goals

By 2022 we will have achieved the following waterway goals:

The Mitchell River catchment, above the Glenaladale Bridge, will have an additional 50km of fencing constructed to exclude grazing stock; and will be free of willows.

The Nicholson River, from the headwaters to the Lakes, will be free of willows and excluded from grazing stock.

The Tambo River, below Ramrod Creek, will have an additional 40km of fencing constructed to exclude grazing stock; and the Tambo catchment above the Bruthen Bridge will remain free of willows.

The estuaries of the Nicholson and Tambo, below the Princes Highway, will be free of willows and poplars. The Mitchell estuary below Picnic Point will be stabilised; free of willows and poplars and excluded from grazing stock.

The Snowy catchment will remain free of willows and the freehold sections of the Buchan and Brodribb Rivers will be excluded from grazing stock.

All rivers in the Far East Gippsland catchment (Bemm, Cann, Thurra, Wingan and Genoa) will be free of willows and excluded from grazing stock.

Five priority wetlands fringing the Gippsland Lakes or Snowy River will be excluded from grazing stock.

Willow Control

Willow infestations are a key threat to waterways 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 focussed on maintaining the upper catchments of the Mitchell and Snowy Rivers, and rivers in the far east as free of willows. Willows were controlled on the Mitchell, Wonnangatta, Wongungarra, Snowy, Buchan, Combienbar and Cann Rivers.

Table 1: Progress towards the Waterway Goals 2014 – 2022 for willow treatments.

Waterway Goal	Total lengths (km)	Goal achieved (%)	Comments
Mitchell River catchment above Glenaladale Bridge will be free of willows	1132	94	The Mitchell River catchment remains predominantly free of willows. This year the Authority focussed on undertaking maintenance of willows in the upper catchments.
Nicholson River from the headwaters to the Lakes will be free of willows	106	100	The Nicholson River is free of willows. The Nicholson River is part of a maintenance regime, with a willow pass occurring every four years. Most of the catchment was burnt this year, the Authority will plan to complete a willow pass in 20/21.
The Tambo River above the Bruthen Bridge will remain free of willows	640	98	The Tambo River is predominantly free of willows. No additional willow control was completed on the Tambo River this year.
The Nicholson and Tambo estuaries below the Princes Highway and the Mitchell River below Picnic Point will be free of willow and poplars	55	76	No additional willow and poplar control was undertaken in the lower sections of the Nicholson, Tambo or Mitchell Rivers this year.
The Snowy catchment will remain free of willows	1250	100	The Snowy catchment remains free of willows. Each year the Authority undertakes a maintenance pass along the entire Snowy River and tributaries. A lot of the catchment was burnt this year, the Authority will undertake a willow pass in 20/21.
All rivers in the Far East catchment will be free of willows	1200	98	The Authority continues to make good progress controlling the last remaining willows on the Cann and Combienbar Rivers. All other waterways in the Far East are part of the maintenance program.

Stock Exclusion Fencing

Stock exclusion fencing is required to remove the threat of stock impacting on the condition of riparian areas and in-stream habitats. Stock exclusion is often followed up with revegetation to improve riverbank and riparian habitat.

The progress towards our long-term goals is now well advanced. The results show a commitment from many landholders and the Authority to look after our waterways.

All catchments had some fencing works completed throughout the year, with most of the work carried out in the far east basin. The summer bushfires impacted many of the riparian fences across the region. The Authority is working with landholders to replace these fences. Many new landholders have signed agreements following the fires.

Table 2: Progress towards the Waterway Goals 2014 – 2022 for fencing.

Waterway Goal	Goal length (km)	Length fenced (km)	Goal achieved (%)
The Mitchell River above Glenaladale Bridge will have an additional 50km completed	50	25	50
The Nicholson River will be excluded from grazing stock	64	41	64
The Tambo River, below Ramrod will have an additional 40km of fencing constructed	40	6	16
The Mitchell River estuary below Picnic Point will be excluded from grazing stock	36	28	77
Freehold sections of the Buchan and Brodribb Rivers will be fenced	92	84	91
All rivers in the Far East catchment will be excluded from stock	90	84	93
Five priority wetlands fringing the Gippsland Lakes or Snowy River will be excluded from stock (No.)	5	5	100

Bank Stabilisation

Stabilising the banks of rivers and estuaries reduces the likelihood of major erosion and bank slumping. The most common technique used to stabilise banks is rock beaching. This involves placing rock along the bottom of the riverbank and continuing up to approximately a third of the bank. The target has been met. This year the Authority did not undertake any additional bank stabilisation works.

Table 3: Progress towards the Waterway Goals 2014 – 2022 for bank stabilisation.

Waterway Goal	Goal length (km)	Length fenced (km)	Goal achieved (%)
The Mitchell River estuary below Picnic Point will be stabilised; free of willows and poplars and excluded from grazing stock.	9	9.8	108

3. Water for Agriculture

A key project the Authority supported to improve adaptation of agricultural enterprises through extension, incentives and trials is the Lindenow Valley Water Security project. This project is supporting Lindenow Valley agriculture businesses to build infrastructure for water storage and application on farm. The project is now underway under the control of Rural Finance.

4. Community Engagement and Partnerships

The Authority engagement activity is guided by an annual engagement plan reviewed annually and monitored by the Board at each meeting. The plan guides development and maintenance of engagement at all levels from Board through to all staff. The objective is to ensure that as many partners as possible are working together on common objectives based on RCS priorities.

The Authority's Engagement Plan contains several goals, including:

- Effective community engagement in catchment management
- Better connections between state, regional and local planning GEA Women Leadership Team (WLT)
- Strengthened implementation of the RCS
- Improve monitoring, evaluation and reporting

Considering the challenging times, the Authority still managed to conduct over 900 engagement activities involving close to 3,500 people. This is a significant number in the context of a community population of around 40,000.

Some highlights for 2019/20 included:

- Continuing to provide a high level of administration and governance support to the GLCC, East Gippsland Landcare Network (EGLN) and the GKTOLMB.
- The Authority continued to Chair the GEA, the East Gippsland CEOs and MDs forum and the GEA WLT. These roles underpin the implementation of the Authority's strategies, including the Catchment Partnerships Agreement.
- The significant engagement and support efforts for communities affected by drought, fire and coronavirus.

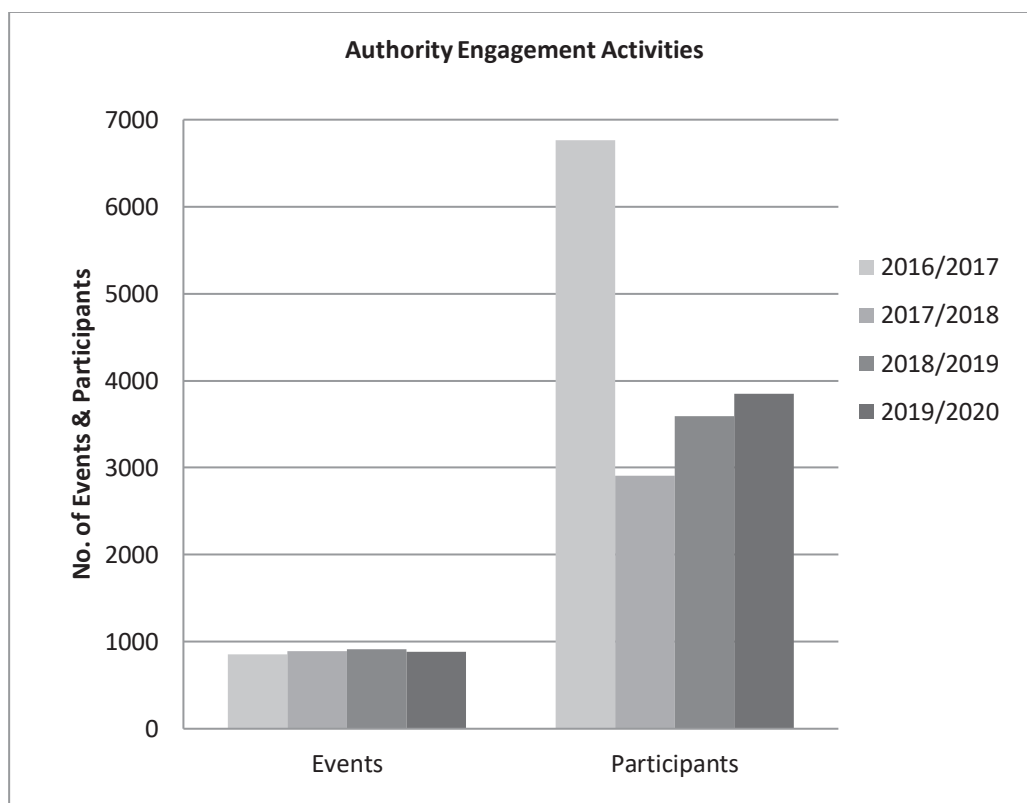
The Authority recognises that achieving our waterway and engagement goals will require significant levels of engagement to ensure the community is involved, has input to, and can understand our strategic direction. The Authority utilises the Bennett's Hierarchy approach (Bennett, C and Rockwell, K, 1995) to measure how we are progressing (Figure 2). The Bennett's Hierarchy approach assumes inputs such as investment and skills contribute to the conduct of a wide range of activities.

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

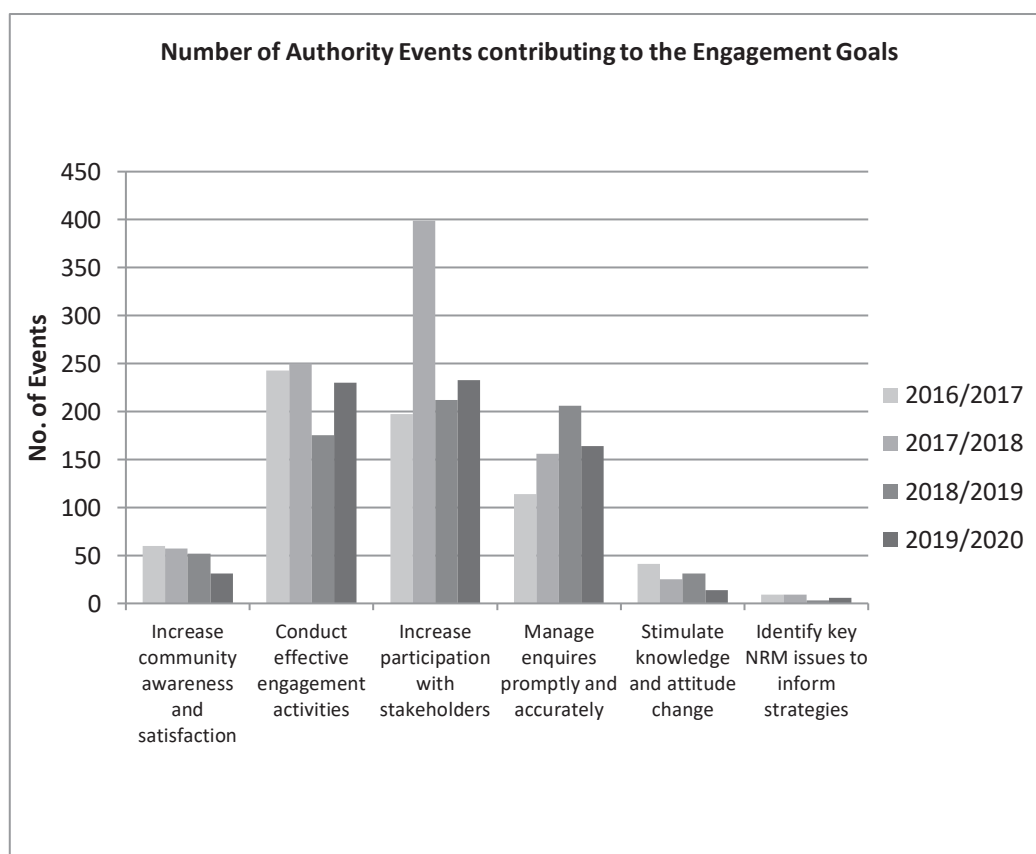


The following graphs show the engagement data measures for 2019/20. The Authority places greater emphasis on the quality of engagement events (Graph 3), rather than the quantity (Graph 1). The level to which the Authority is achieving engagement goals is important for future prioritisation and focus (Graph 2). The Authority continues to capture and report on landholder perceptions of the waterway goals (Graph 4). The perceptions of landholder views can change overtime or when there is a sudden change, for example landscape scale bushfires.

Graph 1: The number of events conducted, and the individuals engaged by the Authority from 2016/17 to 2019/20. Participation numbers have remained consistent, particularly throughout a challenging year with drought, bushfires and coronavirus.



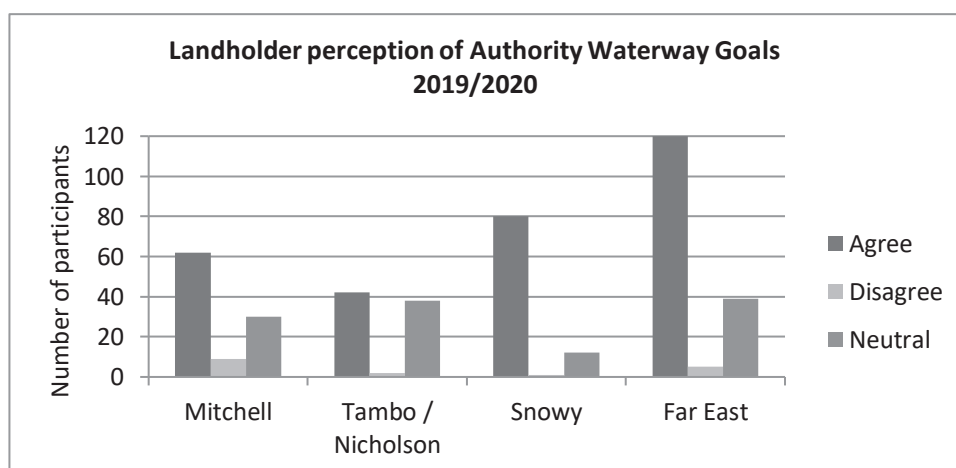
Graph 2: Events conducted by the Authority aimed to achieve the engagement goals in 2019/20. The type of events held by the Authority has included training, workshops, presentations and community events.



Graph 3: The quality of engagement activities conducted by the Authority during 2019/20. Improved Authority reporting standards has seen a recalibration of data which continues a trend towards participant satisfaction. Participants enjoy the community events held by the Authority, including paddling trips and working closely with Angling Clubs.



Graph 4: Landholder perceptions of the waterway goals within each basin for 2019/20. The landholder perceptions on the waterway goals is encouraging, with many landholders agreeing with the proposed work outlined in the goals.



5. Recognise and support Aboriginal cultural values and economic inclusion in the water sector

The Authority continues to develop respectful partnerships with Traditional Owners, including Gunaikurnai to foster mutual respect, support economic development opportunities, support joint management and continue to support training, skills development and capacity building between both organisations.

One of the key drivers is the GLaWAC GEA Partnerships Agreement and corresponding working group to implement key actions to achieve the regional outcomes. An example of this working is the arrangements developed to support organisations through secondments, shared services and simplified service level agreements.

6. Recognise recreational value

The Authority continues to consider recreational values in plans and strategies, and in the delivery of programs. An example of that for this year is the development of the Mitchell River Rehabilitation Plan, Restoring Our Mitchell. The plan incorporates seven recreational sites along the river. It is proposed the sites will provide easy access to the river with recreational facilities for users, including picnic tables, car parks, canoe launching ramps, etc.

7. Resilient and liveable cities and towns

The Authority is working closely with East Gippsland Water, East Gippsland Shire Council and GLaWAC through the East Gippsland Integrated Water Management forum to create more opportunities to improve efficiencies and maintain healthy waterways. The main projects for this year have include developing the Bairnsdale Integrated Water Management Plan and progressing the Bairnsdale Livestock Exchange water re-use project.

8. Leadership, diversity and culture

The Authority continues to support women in leadership, by participating in the GEA WLT and the Insight Program, Executive Leadership for Women in Water. The Authority continues to support women in leadership positions at all levels.

The Authority has undertaken a review of the Diversity and Inclusion Plan and has met targets for gender leadership at executive and Board levels. This includes supporting women in leadership positions; and greater participation from Aboriginal people in planning leadership and decision making.

9. Improved performance and demonstrating outcomes

The Authority has satisfied all government assurance processes for the year. The Authority has demonstrated benefits of on ground works linked to condition change through progress and annual reports, before and after photos, case studies and ongoing monitoring. All regional strategies and programs are monitored, evaluated and reported annually. All the reporting is accurate, on time and as expected in accordance with funding agreements.

4.6 PROGRAM OUTPUTS

Table 4: East Gippsland Region Victorian Water Program Investment Framework (VWPIF) - waterway & catchments, floodplain management and environmental water outputs for 2019/20.

Output Type	2019/20 Target Output	2019/20 Actual Output	2019/20 % Complete
1. STRUCTURAL WORKS - 1.2 Water storage - Tank - Number	2	0	0
1. STRUCTURAL WORKS - 1.2 Water storage - Trough - Number	3	5	166
1. STRUCTURAL WORKS - 1.5 Waterway structure - Fishway - Number	1	0	0
1. STRUCTURAL WORKS - 1.8 Monitoring structure - Measuring point - Number	6	3	50
1. STRUCTURAL WORKS - 1.9 Fence - Fence - Km	12	12	100
2. ENVIRONMENTAL WORKS - 2.1 Vegetation - Native indigenous - Ha	76	97	127
2. ENVIRONMENTAL WORKS - 2.2 Weed control - Non-woody - Ha	147	274	186
2. ENVIRONMENTAL WORKS - 2.2 Weed control - Woody - Ha	341	352	103
3. MANAGEMENT SERVICES - 3.1 Grazing regime - Riparian - Ha	12	25	208
4. PLANNING AND REGULATION - 4.1 Approval and advice - Advice - Number	212	142	66
4. PLANNING AND REGULATION - 4.1 Approval and advice - Permit - Number	20	65	325
4. PLANNING AND REGULATION - 4.1 Approval and advice - Referral response - Number	170	170	100
4. PLANNING AND REGULATION - 4.2 Management agreement - Binding perpetual - Number	7	4	57
4. PLANNING AND REGULATION - 4.3 Assessment - Ecological - Number	41	80	195
4. PLANNING AND REGULATION - 4.3 Assessment - Property - Number	57	101	177
4. PLANNING AND REGULATION - 4.3 Assessment - Social - Number	1	0	0
4. PLANNING AND REGULATION - 4.3 Assessment - Surface water - Number	183	103	56
4. PLANNING AND REGULATION - 4.4 Engagement event - Field day - Number of participants	40	40	100

4. PLANNING AND REGULATION - 4.4 Engagement event - Meeting - Number of participants	461	529	114
4. PLANNING AND REGULATION - 4.4 Engagement event - Presentation - Number of participants	160	54	33
4. PLANNING AND REGULATION - 4.4 Engagement event - Training - Number of participants	1	1	100
4. PLANNING AND REGULATION - 4.4 Engagement event - Workshop - Number of participants	80	273	341
4. PLANNING AND REGULATION - 4.5 Partnership - Agencies/Corporates - Number	63	65	103
4. PLANNING AND REGULATION - 4.5 Partnership - Community groups - Number	39	123	315
4. PLANNING AND REGULATION - 4.5 Partnership - Mixed - Number	4	3	75
4. PLANNING AND REGULATION - 4.6 Plan - Engagement - Number	1	1	100
4. PLANNING AND REGULATION - 4.6 Plan - Management - Number	1	2	200
4. PLANNING AND REGULATION - 4.7 Publication - Visual - Number	4	5	125
4. PLANNING AND REGULATION - 4.7 Publication - Written - Number	22	42	190
4. PLANNING AND REGULATION - 4.8 Information management system - Database - Number	1	1	100

The variations to the target versus actual outputs for the VWPIF funding include:

- The number of Works on Waterways permits was significantly higher than the target. This was driven by the impact of the bushfires on the old wooden bridges across the region with a large number destroyed or damaged. Response to the bushfire has seen significant funding directed to replacing or repairing these bridges typically with more bushfire resistant materials such as steel and concrete.
- Additional engagement events (meetings) were held with the community, and partnerships were established, particularly within the Regional Riparian Action Plan (RRAP) project, engaging with local angling clubs.

Table 5: Gippsland Lakes program outputs for 2019/20. Please note the table below includes all outputs for the Gippsland Lakes Program (outputs delivered across East and West Gippsland CMA regions).

Output Type	2019/20	2019/20	2019/20
	Target Output	Actual Output	% Complete
1. STRUCTURAL WORKS - 1.10 Visitor facility - Recreational - Number	13	15	115
1. STRUCTURAL WORKS - 1.2 Water storage - Trough - Number	4	10	250
1. STRUCTURAL WORKS - 1.9 Fence - Fence - Km	0.21	13.5	6400
2. ENVIRONMENTAL WORKS - 2.1 Vegetation - Native indigenous - Ha	33.4	31.9	95
2. ENVIRONMENTAL WORKS - 2.2 Weed control - Non-woody - Ha	1091.75	1751.9	160
2. ENVIRONMENTAL WORKS - 2.2 Weed control - Woody - Ha	72	9.12	12
2. ENVIRONMENTAL WORKS - 2.3 Pest animal control - Terrestrial - Ha	8101	15030	185
2. ENVIRONMENTAL WORKS - 2.8 Earth works - Armouring - Number	2.1	2.35	111
3. MANAGEMENT SERVICES - 3.1 Grazing regime - Riparian - Ha	10	30.3	300
4. PLANNING AND REGULATION - 4.2 Management agreement - Binding perpetual - Number	2	2	100
4. PLANNING AND REGULATION - 4.3 Assessment - Ecological - Number	11	9	81
4. PLANNING AND REGULATION - 4.3 Assessment - Fauna - Number	52	66	127
4. PLANNING AND REGULATION - 4.3 Assessment - Flora - Number	14	20	143
4. PLANNING AND REGULATION - 4.3 Assessment - Invasive species - Number	62	62	100
4. PLANNING AND REGULATION - 4.3 Assessment - Property - Number	10	7	70
4. PLANNING AND REGULATION - 4.4 Engagement event - Presentation - Number of participants	174	341	196
4. PLANNING AND REGULATION - 4.5 Partnership - Mixed - Number	20	20	100
4. PLANNING AND REGULATION - 4.6 Plan - Management - Number	2	4	200
4. PLANNING AND REGULATION - 4.7 Publication - Written - Number	29	32	110

The major variations for the Gippsland Lakes program funding include:

- Additional riparian fencing was constructed, and off stream watering systems installed as part of the Core 4 project, fencing stock out of waterways and providing landholders with alternative watering systems.
- The grazing regime output was overachieved as a large wetland was secured under agreement and fenced off from stock.
- Additional management plans were achieved as there were two more covenants that were not originally estimated in the target outputs.

Table 6: The Authority is supported through funding from the Commonwealth Government's National Landcare Program Phase 2 (NLP2). The East Gippsland NLP Outputs for 2019/20 are:

Output Type	2019/20 Target Output	2019/20 Actual Output	2019/20 % Complete
2. ENVIRONMENTAL WORKS - 2.2 Weed control - Woody - Ha	80	80	100
2. ENVIRONMENTAL WORKS - 2.3 Pest animal control - Terrestrial - Ha	2700	2700	100
4. PLANNING AND REGULATION - 4.2 Management agreement - Binding non-perpetual - Number	6	6	100
4. PLANNING AND REGULATION - 4.3 Assessment - Invasive species - Number	6	6	100
4. PLANNING AND REGULATION - 4.3 Assessment - Ecological - Number	3	3	100
4. PLANNING AND REGULATION - 4.3 Assessment - Soil - Number	58	60	103
4. PLANNING AND REGULATION - 4.4 Engagement event - Field Day - Number of events	14	11	78
4. PLANNING AND REGULATION - 4.4 Engagement event - Workshop - Number of events	20	21	105
4. PLANNING AND REGULATION - 4.7 Publication - Written - Number	28	32	114

The major variations for the National Landcare Program funding include:

- The written publication target was an overestimation in the development of the Corporate Plan. One media release and social media post is required per project. During the development of the Corporate Plan there was another project in development, Gippsland Lakes Ramsar Management, but this did not go ahead.
- Due to coronavirus regulations, three field days have been postponed and are planned to be delivered during 2020/21.

4.7 CATCHMENT CONDITION





This section of the annual report provides an assessment of the condition of East Gippsland's environment. A key purpose of monitoring catchment condition is to help identify opportunities for adapting and changing the way we manage the environment.

In Victoria there are five catchment condition themes; waterways, biodiversity, land, coasts and marine and community. The following section discusses each theme and provides:

- A description of regional context
- Indicators and condition assessments
- Evidence to support the assessment

The catchment condition assessment for each theme describes the level of confidence or concern that catchment managers have in the future of the regional environment. The assessment is based on available science, expert advice and community evidence gained during the preceding year and use of the criteria detailed in the sample table below. A positive assessment indicates a level of optimism about future direction and a concerned or highly concerned assessment indicates a more pessimistic view of the direction of environmental change.

Sample table

Assessment Criteria	
	An optimistic future with evidence that events during the year will have a positive impact on the longer term.
	A largely neutral state, where events during the year may have been significant but are within expected variation and will have little impact in the longer term.
	A level of concern that significant events during the year may have an adverse impact in the longer term.
	A high level of concern that significant events during the year are likely to have an adverse impact in the longer term.






4.8 REGIONAL SUMMARY

East Gippsland contains a wealth of significant natural assets including rivers, wetlands, national parks and reserves. It is one of the only places on mainland Australia where the continuity of natural ecosystems from the Alps to the sea still exists.

The natural resources of the region are used to generate wealth in many ways. The major river floodplains support intensive agriculture and horticulture, the alpine areas support recreational activities and the foothills for grazing and timber production. The Gippsland Lakes and other coastal estuaries help drive our visitor economy.

This year has been extremely challenging for everyone in East Gippsland. Prolonged drought and landscape scale bushfires were witnessed throughout the year. The region had another dry year, the third in a row, with water for stock becoming the priority. On top of continued dry conditions there were widespread fires across East Gippsland, burning over 1 million hectares, 56% of the region. Communities and the environment in East Gippsland are stressed and recovery will take some time.

Our assessment summary captures the status, trends and existing data quality across the region for each theme for 2019/20 (Table 7).

Theme	Summary condition assessment	
Waterways	 Concerned	The overall condition of waterways is concerning. Most of the waterways and catchments across East Gippsland were impacted by the prolonged dry conditions, followed by landscape scale bushfires.
Biodiversity	 Highly Concerned	With over 1 million hectares; over 56% of the region burnt, during summer this year has extensively impacted many ecosystems, communities and individual species.
Land	 Concerned	The reduced rainfall and dry conditions have reduced ground cover across much of the region. The agricultural extension programs have focused on supporting farmers through dry times and improving soil health to improve pastures.
Coasts	 Concerned	The overall condition of coasts in East Gippsland is concerning. The summer bushfires burnt many of the remote estuaries and coastline. The monitoring and management of these areas will be vital to ensure natural recovery occurs.
Community	 Highly Concerned	These are some of the toughest and hardest times we have had to face as a community in decades. The prolonged dry period, bushfires and coronavirus has severely impacted on the economic, social and cultural aspects of communities in East Gippsland.

4.9 WATERWAYS - THE CONDITION OF RIVERS, WETLANDS AND ESTUARIES

East Gippsland's waterways are remarkable natural assets of Victoria. The region contains the Gippsland Lakes, six declared heritage rivers and many national parks and reserves. Our waterways provide many of Victoria's most natural fishing, swimming, camping, boating and scenic attractions. The health of these waterways underpins many aspects of tourism, jobs and investment in the region.


The waterways in East Gippsland are generally in much better condition than in other regions of Victoria. Some 82% of total stream length is in 'excellent' or 'good' condition as defined by the Index of Stream Condition 2010¹.

¹ Index of Stream Condition The Third Benchmark of Victorian River Condition

2019/20 Annual Waterway Condition Assessment

The overall condition of waterways has been impacted heavily by the year's events. Most of the waterways and catchments across East Gippsland were impacted by the prolonged dry conditions, following landscape scale bushfires. The major waterways impacted by fire include the Nicholson, Tambo, Buchan, Snowy, Cann and Genoa Rivers. Except for the Buchan, all other riparian areas burnt in a mosaic pattern, reducing the overall impact on waterway health. All the rivers are recovering, with native vegetation regrowing and animals re-establishing.

Table 8: Waterway Condition Assessment 2019/20

 Concerned	Prolonged dry conditions followed by landscape scale bushfires has impacted the overall condition of waterways across East Gippsland.
---	---

Reasons for Assessment

The 2019/20 annual condition assessment for waterways is based on the following evidence:

- The Authority works program has been delivered as expected, meeting the requirements of funding agreements and the needs of community. The continued on ground works program included willow control, landholder agreements, riparian fencing, weed control and revegetation.
- 56% of the region was burnt during the summer bushfires. This has impacted on water quality, catchment stability and riparian vegetation. Emergent woody weeds will be a major concern and focus of the Authority in recovery.
- There are approximately 30 Aboriginal people involved in the planning, delivery and monitoring of the waterway program. This includes the Moogji Aboriginal Crew working on the Snowy River, GLaWAC NRM Crew working on the Mitchell, Tambo and Buchan Rivers and the GLaWAC Cultural Heritage Assessment Officers undertaking cultural assessment on areas of works.

Case Study – Flagship Waterway Cann River

The Cann River is one of the nominated Flagship Waterways across the State. The Cann River has a long history of waterway management. For the past 25 years the Authority has been working closely with community and adjoining landholders to improve the health of the Cann River. The flagship waterways are part of a trial long-term monitoring program that defines four phases of progress, planning, taking action, recovery and growth and target achieved. The Cann River has progressed from recovery and growth phase to target achieved. This is a major achievement and testament to the partnerships in place on the river.

This means the Authority, with community and partner agencies has achieved the long-term outcomes set out, including:

- The riverbanks have a continuous native vegetation corridor
- The channel is free of willows and major weed outbreaks are managed
- The river channel withstands (up to) a moderate flood level (2.3m at Chandlers Creek and 2.5m at Weeragua), with no major changes to its course
- The community are enjoying improved access to the river and opportunities for recreational use

The Authority will continue to maintain the condition of the Cann River in the target achieved phase.

4.10 BIODIVERSITY - THE CONDITION OF NATIVE HABITAT AND HEALTH OF NATIVE SPECIES

The East Gippsland region encompasses significant biodiversity assets, in particular a large amount of public forest which contain and support many native species. 83% of the region is public land; the majority of which is either state forest, national or coastal parks.


The geographical location of East Gippsland contributes to its importance as a hot spot for Victorian biodiversity, situated at the nexus of the southern cool temperate and eastern warm temperate zones². There are 89 species which have more than 50% of their range within the East Gippsland region and of these, 37 species have 100% of their range within East Gippsland³.

² NRE (1997a). Victoria's Biodiversity: Directions in Management. Department of Natural Resources & Environment, Victoria.

2019/20 Annual Biodiversity Condition Assessment

The overall condition of biodiversity in East Gippsland has been impacted heavily by drought and the bushfire event. The third year of extremely dry conditions followed by bushfires has impacted the overall condition of biodiversity across the region. With over 1 million hectares, over 56% of the region burnt during summer this year has extensively impacted many ecosystems, communities and individual species. The bushfire response and recovery efforts of government have been prompt and extensive, however recovery will be slow.

Table 9: Biodiversity Condition Assessment 2019/20

 Highly Concerned	The continued dry conditions, widespread fires and ongoing threat from pest plants and animals have impacted biodiversity in East Gippsland.
--	--

Reasons for Assessment

The 2019/20 annual condition assessment for biodiversity is based on the following evidence:

- 56% of the region was burnt, of this over 1 million hectares that burnt was public land (State Forests and National Parks)⁴.
- Wild deer, dog, goat and pig populations will impact recovery if not managed following prolonged drought and bushfires of this scale. Parks Victoria is working with DELWP to undertake large scale pest animal control programs.
- 70% of warm and dry temperate rainforest was burnt .
- Threatened species populations; for example the Eastern Bristlebird (*Dasyornis brachypterus*), were impacted during the fires. There has been a lot of work following to ensure species are given the best chance to recover.
- 57% of the region remained in tree cover for 2019, this was before the bushfires over the summer period ⁶.
- The bushfire recovery funding, projects and community engagement has been a collaborative effort between partner agencies and community groups. The Authority is actively contributing to the local and state-wide recovery efforts. An example is membership on the Regional Bushfire Recovery Committee and the State-wide biodiversity recovery committee.

Case Study – Bushfire Recovery and Threatened Species Extraction

The Victorian Government announced a \$17.5 million funding package to support Phase 1 of the Bushfire Biodiversity Relief and Early Recovery program. Immediate response programs include emergency extractions of threatened wildlife, fire-severity mapping, fencing, assessments, herbivore pest control and re-opening priority visitor sites. One key project was the extraction of the Dargo and Yalmy Galaxias.

Threatened freshwater fish, crayfish and mussels; with very small distributions and low ability to move, are most at risk from the impacts of ash and sediment washing into waterways in fire-impacted areas.

It was critical to salvage these species before fire impacts lead to extinction or further decline. Experts from DELWP, the Arthur Rylah Institute for Environmental Research and Parks Victoria extracted 200 critically endangered Dargo Galaxias from near Mount Hotham, and a small number of critically endangered Yalmy Galaxias from a stream north of Orbost.

4.11 COASTS AND MARINE - THE LEVEL OF PROTECTION FOR COASTS

The coasts of East Gippsland include some of Victoria's most picturesque landscapes including systems of dunes, rocky headlands, cliffs, marshes and sandy beaches. The East Gippsland coast and hinterland include a wide range of intact and continuous habitat and include important vegetation communities and estuary systems. Large parts of the coastline include large mobile sand dunes with small embayment's punctuated by rocky headlands and outcrops a dominant feature of the Far East coast.

The region's marine environment is significant and contains marine protected areas adjoining Point Hicks, Cape

³ DSEWPac (2011) Biodiversity Summary for NRM regions : East Gippsland.

⁴ East Gippsland Bushfire Recovery 2020, Natural Environment Sub-plan

⁵ East Gippsland Bushfire Recovery 2020, Natural Environment Sub-plan

⁶ ANU – Australia's Environment Explorer 2019


Howe and Beware Reef. The East Gippsland marine environment is unique, providing a very productive ecosystem resulting from mixing of the warm East Australian current, temperate southern waters, and cool waters from deep sea upwellings. The region contains a rich diversity of marine plants and animals, with approximately 90% of marine species in the region endemic to southern Australia.

The natural landscapes and unspoilt wild beauty of the region's coastal environments provide many recreational opportunities and tourism is growing at a modest rate.

2019/20 Annual Coasts and Marine Condition Assessment

The overall condition of the coast was heavily impacted from the drought and bushfire events. The summer bushfires burnt many of the areas surrounding remote estuaries and coastline. The monitoring and management of these areas will be vital to ensure natural recovery occurs. The community and agencies continue to work together to improve understanding and knowledge of the coasts and marine systems within East Gippsland.

Table 10: Coasts and Marine Condition Assessment 2019/20

 Concerned	The extreme events during the year have impacted many estuaries and coastlines across East Gippsland.
---	---

Reasons for Assessment

The 2019/20 annual condition assessment for coasts and marine is based on the following evidence:

- The Gippsland Lakes program has over 40 partner agencies and community groups involved. This includes project delivery, monitoring and assessment, citizen science programs and coordinating community engagement events.
- The Lakes Entrance Growth and Adaptation Plan continues to be developed in partnership with the Authority and East Gippsland Shire Council. The plan will consider potential future impacts of sea level rise and riverine flooding on the Lakes Entrance township.
- Parks Victoria continues to further stabilise the Mitchell River Silt Jetties. Works continue to focus on the most vulnerable sections of shoreline erosion impacting the structural integrity of the southern jetty.
- GLaWAC and Parks Victoria continue to work together to jointly manage the Lakes National Park and the Gippsland Lakes Coastal Park. The works have included pest plant and animal control, including the eradication of goats at Boole Poole.
- The Authority continues to work with Victorian Fisheries Authority and local Angling Clubs to identify and place large wood habitat in and around the Gippsland Lakes and estuaries.
- There were three artificial estuary openings this year, the Snowy River estuary, Mallacoota Inlet and Sydenham Inlet (the Bemm River estuary) opened following periods of rain that raised the level of these estuaries. Openings were undertaken using a multi-agency approach with Parks Victoria leading the on-ground works with assistance from DELWP, Victorian Fisheries Authority (VFA), Gippsland Ports and the Authority. The successful opening of the Snowy River estuary during the bushfires in February 2020, was preceded by an unsuccessful attempt to dig an entrance channel by hand with the assistance of Australian and Fijian Defence Force. This operation was a unique cooperative effort during a challenging time for the region. Following the successful opening of Mallacoota Inlet in early 2019, the estuary closed and remained closed for the remainder of the 2019/20 year.
- Many of the remote estuaries and coastlines across East Gippsland were burnt. The rainfall and remoteness of these places should see natural recovery without too much disruption. This will be monitored and managed by responsible land managers.

Case Study – Monitoring Seagrass in the Gippsland Lakes

The 2019/20 annual condition assessment for coasts and marine is based on the following evidence:

Seagrass is an important part of the Gippsland Lakes ecosystem. It provides valuable habitat for fish and invertebrates, as well as stabilising the lake bed. Little is known about the lifecycle and natural processes of seagrass in the Gippsland Lakes. This year the Authority has worked with partner agencies and experts to develop a Seagrass Monitoring Framework for the Gippsland Lakes.

The framework has been developed for the assessment of seagrass communities across the Gippsland Lakes that

enables a repeatable and achievable assessment program to be implemented on an annual basis, providing a more frequent assessment against the existing baseline. A technique using satellite imagery and GIS processing software will allow the ongoing mapping of seagrass distribution and density across the Gippsland Lakes. Future assessments will produce data that is consistent with or comparable to the current seagrass extent data available for the Gippsland Lakes.


4.12 LAND - THE MANAGEMENT OF ENVIRONMENT AND LONG-TERM PRODUCTIVITY

In East Gippsland, cleared agricultural lands are concentrated on the Gippsland Plains, the Mitchell, Tambo and Snowy River valleys and the Monaro Tablelands, where the original open grassy woodland lent itself to grazing and in the fertile river valleys where rich alluvial soil has supported the development of intensive agriculture.

2019/20 Annual Agricultural Land Condition Assessment

The condition assessment for agricultural land has been impacted heavily by the ongoing drought and subsequent bushfires. The prolonged dry conditions continued across the region throughout the year. Ground cover and soil moisture continued to reduce across many parts of the region. During the summer bushfires over 70,000ha of private land was burnt. This has impacted on pasture, boundary and internal fencing and other farm infrastructure (sheds, yards, etc.). Some areas across the region have experienced three major bushfires within the last 20 years.

Table 11: Agricultural Land Condition Assessment 2019/20

 Highly Concerned	The reduced rainfall, dry conditions and bushfires have impacted many farms and farming communities across East Gippsland. The dry and bushfire conditions have meant a lot of hay and fodder has been transported into the region, introducing the threat of new weeds.
--	--

Reasons for Assessment

The 2019/20 annual condition assessment for land is based on the following evidence:

- Within East Gippsland 96% of soil is protected by living vegetation or litter⁷. This is 1% less than 2018. This was the 2019 measure before the summer bushfires occurred. The dry conditions continued to impact this measure.
- Annual rainfall has continued to remain low for the year with a total annual rainfall of just 618mm. This is the third year in a row with only half of the regional annual rainfall received. This has resulted in continued drought conditions and intense fire activity throughout the region⁸.
- The TopSoils project has had a challenging year. The project sets out to improve the productive potential of agricultural land and protect the condition of our soil resource, principally by improving soil health and the persistence and quality of ground cover; ultimately improving the Soil Carbon resource. The challenges have included the prolonged drought conditions, bushfires and coronavirus. Coronavirus has halted any face to face workshops and activities, making delivery of the program difficult.
- Although livestock prices have remained stable, some livestock became too poor to sell, and many landholders lost livestock during the bushfires.
- The prolonged dry conditions have created a stock watering problem for farmers. Transporting water for stock is not viable, so many farmers have had to make the grave decision to reduce or eliminate stock numbers, including breeding stock.
- The drought employment program continued across East Gippsland and Wellington Shire Councils. There were 40 people consistently employed in the program. The program provides temporary employment for individuals who have been impacted by drought, the program was also opened up to those impacted by the bushfires.
- The Authority continues to support the Lindenow Valley Water Security project. The project is supporting Lindenow Valley agriculture businesses to build infrastructure for water storage and application on farm.

Case Study – Immediate Bushfire Response – Agriculture Victoria

Following the summer bushfires Agriculture Victoria contacted the owners of, or visited, 907 properties on 55,000 hectares of agricultural land within the fire footprint. More than 450 primary producers were impacted by the fire

⁷ Australia's Environment Explorer, East Gippsland, Percentage of exposed soil, MODIS satellite imagery following the methodology of Guerschman and colleagues (CSIRO)

⁸ East Gippsland Annual Rainfall, total annual participation (rainfall and snow) during the year, Bureau of Meteorology Australian National University, CSIRO Land and Water

with 77 primary and secondary residences, 232 sheds and 28 pumps destroyed.

Producers reported more than 1,700 livestock dead or missing, 16,800 hectares of pasture burnt, 250 hectares of horticultural crops lost and over 1,300 kilometres of internal and 1,500 kilometres of external fencing destroyed. Many beehives were also lost. Agriculture Victoria's initial impact assessments were shared across agencies and was used to inform and provide agriculture recovery services to farmers.

4.13 COMMUNITY - THE BENEFITS THAT FLOW FROM COMMUNITY PARTICIPATION

Within the East Gippsland region, natural resource management is undertaken as a partnership between government agencies and the community. The size of the region; its large areas of remote and inaccessible public land and its relatively small population underlines the importance of effective partnerships.

Aboriginal people have a strong cultural association with the natural resources and landscape of the East Gippsland region. Protecting cultural heritage and maintaining 'connection to Country' are fundamental to retaining cultural links for present and future generations of Aboriginal people.


2019/20 Annual Community Condition Assessment

This year the community has been impacted by the drought, bushfires and coronavirus.

Communities in East Gippsland are accustomed to dealing with natural disasters and tough times; however, the prolonged dry period, bushfires and coronavirus has severely impacted on the economic, social and cultural aspects of communities in East Gippsland. The increased number of community events and participation is important during tough times in regional communities; however, coronavirus has impacted the social gatherings for people.

This is some of the toughest and hardest times we have had to face as a community for decades. The social gatherings and comradery are important, however very limited due to coronavirus. The Authority has been working with partners agencies and community groups to provide help and support through these tough times.

Table 12: *Community Condition Assessment 2019/20*

 Highly Concerned	The drought, bushfires and coronavirus have severely impacted the economic, social and cultural aspects of communities across East Gippsland. Many individuals are stressed and traumatised from the experiences this year.
--	---

Reasons for Assessment

The 2019/20 annual condition assessment for community is based on the following evidence:

- Coronavirus has limited the number of social gatherings, events and support for communities following the summer bushfires.
- Although many community events were held by the Authority before coronavirus set in, it has been difficult to re-connect with the community using these methods. The Authority has increased the number of one on one meetings, to provide support to community where we can.
- There are 3 Landcare Networks and 32 Landcare groups operating in East Gippsland.
- The Authority continues to work with an array of community groups to implement activities. The groups include Traditional Owners, angling clubs, rowing clubs, Landcare groups, coast care groups, friends of groups, 4-wheel drive clubs and local schools.
- Roundtables operate at various levels across East Gippsland. The Authority's Annual Engagement Plan provides a description of each round table, including membership, roles and responsibilities. Each of the roundtables is interlinked and updates are shared across roundtables, primarily through the Authority.

Case Study – Engaging with fire affected communities

Ongoing community engagement is a priority in all recovery planning. As soon as it was safe to do so, agencies such as DELWP, Agriculture Victoria, Local Government, Landcare and the Authority began working with affected communities. Agencies and community groups have engaged through service lines, local offices, mobile service hubs and one-on-one conversations. Agriculture Victoria immediately contacted people by phone and visited landholders to determine the extent of impact and assess immediate needs.

The Authority assessed damaged waterways with landholders and planned for repair and replacement of fences, vegetation and waterway structures. The Authority also ran community boat trips and BBQs to help people get together, support one another and discuss matters of concern.

DELWP is working with landholders on recovery issues, including hazardous trees and damaged boundary fencing. Landcare surveyed all members to understand issues for landholders and has sought suggestions for priorities to assist recovery.

5. PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS

Performance Area	Performance target	Achievement commentary
Business management and governance	<p>Submit annually, a Board performance assessment report according to any guidelines issued.</p> <p>A risk management strategy / plan approved by the Board and being implemented.</p> <p>One hundred per cent of the CMA's policies and procedures reviewed every three financial years.</p> <p>Full compliance with all applicable Standing Directions under the Financial Management Compliance Framework Checklist.</p> <p>A Regional Landcare support plan approved by the Board.</p> <p>A regional waterways strategy approved by the minister.</p> <p>A regional floodplain strategy approved by the Board.</p>	<p>Completed</p> <p>Completed</p> <p>Policies 100%</p> <p>Procedures 90%</p> <p>Full Compliance achieved under the Financial Management Compliance Framework Checklist. No material non-compliance with the Standing Directions 2018.</p> <p>The Regional Landcare Support Plan for the period from 2015 to 2019. The Authority is currently reviewing and renewing the strategy.</p> <p>The East Gippsland Waterway Strategy operates for the period from 2014 to 2022. Mid-term review was completed in 2018.</p> <p>The East Gippsland Floodplain Strategy was approved by the Board in June 2017.</p>
Regional delivery	<p>Progress with implementation of the RCS (and its major sub-strategies) is reviewed by the Board annually.</p> <p>Projects / activities to implement the RCS are delivered and reported according to associated funding agreements.</p> <p>Projects / activities to implement the regional waterways strategy and the regional floodplain management strategy delivered and reported according to associated funding agreements.</p>	<p>RCS implementation progress reports presented to the Board every six months.</p> <p>All required reporting pursuant to funding agreements has been met.</p> <p>All required reporting pursuant to funding agreements has been met.</p>
Statutory functions under Part 10 of the Water Act	Ninety per cent of statutory requirements (permits, referrals, advice and licences) associated with waterway and floodplain management are responded to within the prescribed period.	Achieved
Statutory functions under Part 11 of the Water Act	Ninety per cent of statutory requirements (permits, referrals, advice and licences) associated with irrigation management are responded to within the prescribed period.	Achieved

6. KEY INITIATIVES

THE GUNAIKURNAI TRADITIONAL OWNER LAND MANAGEMENT BOARD HOSTING

The Authority continues to host the GKTOLMB for provision of its Executive Officer, Project Officer and for supporting Board members. This co-operative arrangement builds capability at officer level by sharing management skills and builds cultural awareness and long-term relationships among CMA staff and GKTOLMB members. The success of the partnership is punctuated by good communication and respect between all parties.

GUNAIKURNAI LAND AND WATER ABORIGINAL CORPORATION PARTNERSHIP AGREEMENT

The Authority has led the establishment of, and signed, the partnership agreement with GLaWAC on 14th May 2018 together with another 13 Victorian Government departments and agencies who are members of the GEA Forum.

The agreement establishes shared objectives and actions to strengthen the partnership between all these agencies and GLaWAC. The agreement also establishes a working group comprising of all signatory members that reports progress towards objectives back to the GEA forum.

We are working very closely with the GLaWAC CEO and staff, especially in planning for and completing works within the 10 jointly managed parks and reserves together with land within the RAP area.

We share two Board directors with GLaWAC, and our CEO is also the independent chair of the GLaWAC Audit and Finance committee to assist where we can in helping GLaWAC succeed.

Throughout 2019/20, the GLaWAC on Country Team worked with multiple East Gippsland agencies and community groups to deliver on ground works.

SUPPORTING COMMUNITIES IN DROUGHT AND FIRE RECOVERY

The Authority has played a lead role in drought support and recovery. The Authority CEO chairs the East Gippsland Shire Council Drought Advisory Committee, which has coordinated drought support programs and planning for East Gippsland.

The Authority has implemented a Drought Employment Program; funded by the Victorian Government, which has employed approximately 40 crew positions ongoing all year. The crews are operating across the drought affected regions of North East, West Gippsland and East Gippsland CMA's.

The program is a collaboration between the GEA agencies who are sharing work priorities and projects to support the crews ongoing. The program has been an outstanding success; delivering environmental, social and economic outcomes for these regions.

The Authority has worked tirelessly to support our community and environment during and in post fire recovery. Initiatives like community field days, BBQ's and one on one visits have contributed to the environment recovery and mental wellbeing of our community

PROGRESS TOWARDS NET NIL EMISSIONS

The Authority has completed concept planning for a solar bank aimed to achieve net nil emissions by 2025. Initial assessments have been completed of total emissions and solar bank requirements.

Next year's stage is completion of statutory planning approvals and design and construct approvals. Funding requirements will be considered before the end of next financial year.

EAST GIPPSLAND LANDCARE NETWORK HOSTING

The Authority has completed the hosting arrangements contract with the EGLN. The arrangements; in place for two years, enabled the Network to consider their longer needs and alleviated the employer related workload of EGLN.

EGLN have now established employment arrangements with a provider at a cost base they can sustain.

The Authority will continue to provide support to the Network wherever it can, including regular support meetings between the executive and the Authority CEO.

FLOOD PLAIN MANAGEMENT – TAMBO VALLEY, MITCHELL AND SNOWY FLOOD STUDIES

With technical support from the Authority, the East Gippsland Shire Council has completed a project to develop flood mapping for the Tambo River and establish flood warning arrangements. The project was also supported by the State Emergency Service and the Municipal Emergency Management Committee. An interim Flood Warning System has subsequently been established.

The Snowy River Regional Floodplain Mapping Project has been completed by DELWP, also with the Authority's support. The data and information outputs from this study are now being considered by the State Emergency Service and the East Gippsland Shire Council.

A similar project is currently underway for the Mitchell River. The project is focussed on the reach from Glenaladale to the river mouth and is closely aligned with the Mitchell River Rehabilitation Plan project. This project is also being managed by DELWP, with support from the Authority.

THE GIPPSLAND LAKES COORDINATING COMMITTEE

The GLCC is managed by the Authority on behalf of the Minister for Water. The committee makes recommendations regarding allocation of the funding announced in the 2015-16 Victorian State Budget to improve the health of the lakes. The allocation is guided by the existing regional waterway strategies for East and West Gippsland and the Gippsland Lakes Ramsar Site Management Plan.

The committee ensures agencies and community are working together, with administration and delivery managed by the Authority. The program is currently overseeing 41 partner agency projects across 4 priority program areas of work and 16 community projects. All the funded projects align with the objectives of the Gippsland Lakes Ramsar Site Management Plan and the Gippsland Lakes Priorities Plan.

STRENGTHENING AGENCY PARTNERSHIPS AND FORUMS

The Authority has continued to work closely with two major cross-agency forums as follows:

The GEA Forum; comprises leaders of thirteen (13) major environmental agency partners in Gippsland, which is coordinating planning and works within broader Gippsland. Chaired by the Authority's CEO, the GEA Forum has the following strategic priorities:

1. Ensure implementation of the GLaWAC Partnership Agreement
2. Ensure implementation of the East Gippsland Catchment Partnership Agreement
3. Jointly communicate benefits of GEA initiatives

The East Gippsland CEO's and MD's forum comprises all leaders of East Gippsland agencies. Members come from traditional owner organisations, health organisations, local government, water authorities and Gippsland Ports. The forum is established to ensure East Gippsland agencies are working together on issues and strategic priorities for East Gippsland.

The forum is also the host for the Integrated Water Management forum for East Gippsland.

Chaired by the Authority's CEO, the forum has the following strategic priorities:

1. Participate in the East Gippsland Shire Council Economic Development Plan
2. Working together to improve staff skills sharing and capacity development
3. Ensure implementation of the GLaWAC Partnership Agreement.

GIPPSLAND ENVIRONMENT AGENCIES – WOMEN LEADERSHIP FORUM

The Authority continues to take an active role to reflect our diverse community through memberships on boards, committees, executives and staff. We have supported development of the Annual GEA Women Leadership forum which is fostering greater opportunity for women to develop and practice leadership skills.

NRM COMMUNITY FUNDING

The Authority prides itself on working through partnerships with agencies, individuals and community groups. A significant program of community grants (disclosed in detail in section 12) shows the extent of grant funding distributed for on-ground works with partners. Total grants paid this year were over \$3.74 million.

7. FIVE YEAR FINANCIAL SUMMARY

	19-20 \$000	18-19 \$000	17-18 \$000	16-17 \$000	15-16 \$000
Operating Revenue					
Victorian Government	9,582	9,761	8,633	9,093	8,869
Commonwealth Government	862	1,217	1,828	2,522	1,098
Other Revenue	958	873	956	1,141	690
Total Operating Revenue	11,402	11,851	11,417	12,756	10,657
Operating Expenses					
Governance and Corporate	1,663	1,146	962	986	1,000
Project Expenditure	9,846	10,137	10,872	13,147	9,879
Total Operating Expenses	11,509	11,283	11,834	14,133	10,879
Total Assets	12,727	11,617	9,885	10,057	11,373
Total Liabilities	3,177	1,953	997	763	706

8. CURRENT YEAR FINANCIAL REVIEW

The Authority is financially sound, with adequate provisions in place to fulfil its obligations to staff and replacement of plant and equipment. Sufficient resources are allocated to deliver the Corporate Plan objectives for 2020/21.

9. SIGNIFICANT CHANGES IN FINANCIAL POSITION

There were no significant changes to our financial position during the reporting period.

10. SIGNIFICANT CHANGES OR FACTORS AFFECTING PERFORMANCE

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

11. CAPITAL PROJECTS

The Authority did not manage any capital projects in the reporting period.

12. DISCLOSURE OF GRANTS AND TRANSFER PAYMENTS

The Authority has provided grants to partners in natural resource management including community groups and organisations in the East Gippsland region. Grants were provided in 2019/20 for the purposes of supporting the administration of Landcare groups and implementing on-ground natural resource management projects.

The following grant amounts were paid:

Not-for-profit organisations	\$1,153,003
Landholders	\$311,568
Partner Agencies	\$2,271,523

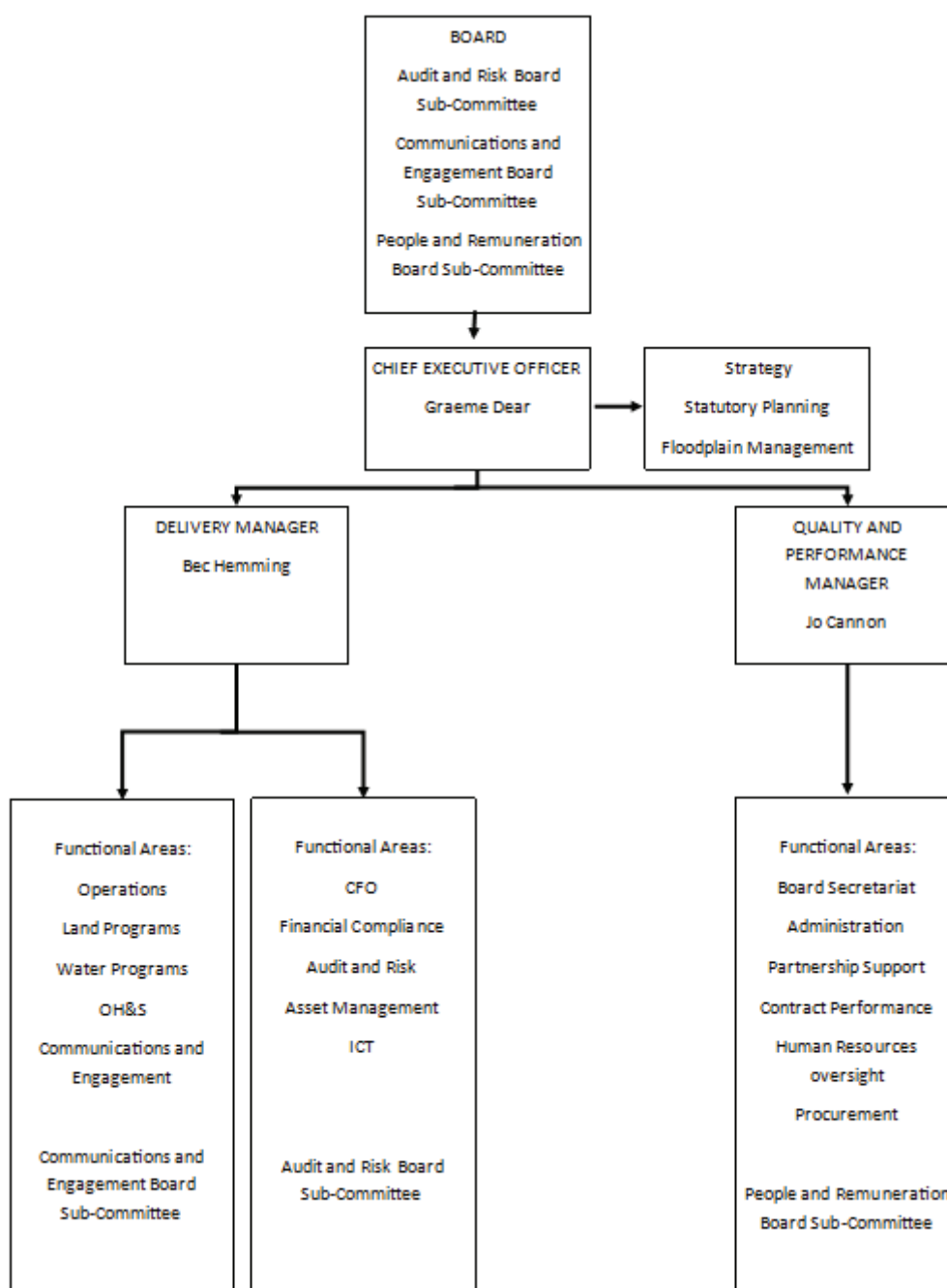
Total grants paid during the 2019/20 year were \$3.74 million.

13. SUBSEQUENT EVENTS

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

PART 2 – GOVERNANCE & ORGANISATIONAL STRUCTURE

14. ORGANISATIONAL CHART



15. GOVERNING BOARD

Authority Board

The Board is responsible for:

- Setting the strategic goals, objectives and performance targets of the Authority in conjunction with management and Victorian 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 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 Board Sub-Committees.
- Ensuring appropriate delegation of authority.

Board Members

Member	Term of Appointment	Meeting Attendance
Dr Peter Veenker (Chairperson)	01/10/2017 – 30/09/2019	1 of 1
Mr William Bulmer (Chairperson)	27/10/2015 – 11/03/2020	4 of 4
Mr Ewan Waller (Chairperson)	01/10/2019 – 11/03/2020	
Mr Ewan Waller (Chairperson)	01/10/2017 – 30/09/2023	4 of 8
Ms Jennifer Fraser (Acting Chairperson)	01/05/2020 – 30/09/2023	
Ms Jennifer Fraser (Acting Chairperson)	01/10/2017 – 30/09/2021	8 of 8
Ms Frances MacLennan	11/03/2020 – 30/04/2020	
Ms Claire Miller	01/10/2017 – 30/09/2021	8 of 8
Ms Glenys Watts	01/10/2017 – 30/09/2021	8 of 8
Ms Glenys Watts	27/10/2015 – 30/09/2023	7 of 8
Dr Nicola Watts	27/10/2015 – 30/09/2019	1 of 1
Ms Christine Wrench	27/10/2015 – 30/09/2019	1 of 1
Ms Marilyn Woodhouse	01/10/2019 – 30/09/2023	5 of 7
Ms Courtney Mraz	01/10/2019 – 30/09/2023	7 of 7
Mr Robin Lowe	01/10/2019 – 14/10/2019	

16. BOARD COMMITTEES

The following Committees report to the Board:

16.1 AUDIT AND RISK BOARD SUB-COMMITTEE

The Committee consisted of the following Board members who are not involved in the day to day management of the Authority:

Mr Ewan Waller
 Ms Claire Miller
 Mr William Bulmer
 Ms Marilyn Woodhouse
 Ms Jennifer Fraser
 Ms Glenys Watts

The Committee also includes an external member:

Ms Thelma Hutchison

The Committee assists the Board in fulfilling its governance and oversight responsibilities. The Committee undertakes the 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 the independent internal audit function.
- Recommend to the Board the engagement and dismissal of internal auditors.
- The scope of work and performance of the external auditor.
- Review the operation and implementation of the risk management framework.
- Review and endorsement of finance, risk and related policies for Board approval.
- The effectiveness of management information systems and other systems of internal control.
- The Authority's process for monitoring compliance with legislation, regulations, ministerial directions and other compliance obligations.

In performing its duties, the Committee will maintain effective working relationships with the Board, management, and the internal and external auditors.

Members are appointed by the Board for a maximum of three years. Meetings are held not less than quarterly.

Audit and Risk Committee membership and meeting attendance 2019-20

Name	Term	Attended	Eligible to attend
Mr Ewan Waller (Convenor)	1 July 2019 to 30 June 2020 1 July 2019 to 24 June 2020	3	4
Ms Claire Miller (Convenor)	1 July 2019 to 30 June 2020 24 June 2020 to 30 June 2020	4	4
Ms Merrilyn Woodhouse	23 October 2019 to 30 June 2020	3	3
Ms Jennifer Fraser	24 June 2020 to 30 June 2020	0	0
Ms Glenys Watts	24 June 2020 to 30 June 2020	0	0
Mr William Bulmer	1 July 2019 to 1 October 2019	1	1
Thelma Hutchison	1 July 2019 to 30 June 2020	4	4

16.2 COMMUNICATIONS AND ENGAGEMENT BOARD SUB-COMMITTEE

The Committee consisted of the following Board members:

Ms Christine Wrench
Dr Nicola Watts
Ms Frances MacLennan
Ms Glenys Watts
Ms Courtney Mraz

The Committee also includes an external member:

Ms Lauren Carey

The Committee's responsibilities include:

- Implementation of Board-level communication and engagement activities.
- Oversee the annual review of the Board Engagement Plan including performance against key performance indicator's and recommend the completed plan to the Board for endorsement.
- Oversee implementation of the Board Engagement Plan.
- Oversee production of the Authority's Annual Report
- Review reports on and oversee implementation of the Authority's program communication and engagement activities.
- Review relevant communications and engagement policies for Board approval

16.3 PEOPLE AND REMUNERATION BOARD SUB-COMMITTEE

The Committee consisted of the following Board members:

Dr Peter Veenker
Ms Jennifer Fraser
Mr Ewan Waller
Mr William Bulmer
Dr Nicola Watts
Ms Courtney Mraz

The Committee's responsibilities include:

- To ensure that the Board has a strategic, sustainable long-term approach to issues relating to the people working for the Authority, including:
 - People resources, strategic policy and planning
 - Organisational culture
 - Organisational structure
 - Industrial relations matters
 - Development and training
 - Remuneration and contracting strategies
 - Succession planning for key management positions
 - Recruitment and retention
- To review the CEO's performance for the purpose of annual performance review and to recommend any annual increments in accordance with the Public Entity Executive Remuneration Policy (PEER policy) and current employment contract terms.
- Review and recommend to the Board, in line with organisational and government policy, remuneration levels for executive management.
- Provide facilitation and oversight for preparation of Board Performance Reviews/Board member self-assessments and recommend any actions to the Board.
- Provide advice to the Board in respect of the recruitment of external members to Board sub-committees.

16.4 SENIOR EXECUTIVES

Chief Executive Officer

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

The CEO manages all hosting arrangements and strategy development and oversight.

Chief Executive Officer: Graeme Dear

Delivery Unit

This unit coordinates the planning, implementation, monitoring, evaluation and reporting of the RCS, EGWS, Regional Floodplain Management Strategy (RFMS), Gippsland Lakes Ramsar Site Management Plan and all other supporting sub-strategies. The unit implements the Authority's waterway health program, Gippsland Lakes Program and the National Landcare Program.

The unit coordinates project activities with partner agencies to deliver actions in the RCS. Monitoring, evaluation and reporting is undertaken at various levels, including site specific monitoring, progress towards targets, mid-term evaluations and final reporting.

The unit also coordinates workplace health and safety and corporate communications and engagement.

This unit is responsible for providing Corporate Services to the Authority. Corporate Services includes financial management, audit and risk management including enterprise risk, asset management, payroll and information technology and management.

Manager: Bec Hemming

Quality and Performance Unit

This unit provides Board and administration support. The unit also provides partnership support for hosted agencies and oversight support for contract performance, human resources and procurement.

Manager: Jo Cannon

17.EMPLOYMENT AND CONDUCT PRINCIPLES

The *Public Administration Act 2004* (PA Act) specifies several employment and conduct principles that must be observed by public sector organisations and their employees.

The Authority has policies and practices that are consistent with the Victorian Public Sector Commission's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. The Authority has advised its employees on how to avoid conflict of interest, how to respond to offers of gifts and how it deals with misconduct.

The Authority is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

In addition, the Authority has applied the public sector employment principles and public sector values in the following ways:

Development and implementation of Plans, Policies and Procedures that support a fair and equitable workplace for employees, including:

- Human Resources Policy
- Recruitment and Selection Procedure
- Discipline and Grievance Procedure
- General Human Resources Procedure
- Gifts, Benefits and Hospitality Policy and Procedure
- Provision of Training for staff including
 - Diversity and Inclusion Plan 2020
 - Women in Leadership Forum attendance
 - Lifeline Frontline Staff Training
 - Bullying and Harassment for employees
 - Dealing with Workplace Conflict
 - Duty of Care for Victorian employees
 - Managing stress
 - Victorian Charter of Human Rights and Responsibilities
- Development of workplace behaviours based on the public sector values and the inclusion of these in the annual Performance and Development Review process.

18.OCCUPATIONAL HEALTH AND SAFETY

The safety of Authority employees and our 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, health and wellbeing everyone's responsibility.

During the 2019/20 financial year, management and the OHS Committee in consultation with stakeholders, implemented the annual OHS Action Plan. Initiatives have included updating Authority policies and procedures and reviewing and updating contractor OHS standards.

The Authority's performance in OHS demonstrates a commitment to achieving best practice with a focus on continuous improvement and recognising that health and safety contributes to overall organisational and business success through a reduction in workplace injuries and ill health.

Throughout the year, we have had 6 incidents. This represents 24 incidents per 100 FTEs.

There were no lost time claims for the reporting period.

OHS Performance Reporting

	2019/2020	2018/2019	2017/18
Incidents			
Contractor time lost to injuries/accidents (days)	0	5	1
Contractor incident notifications	1	4	5
Staff time lost to injuries/accidents (days)	0	0	1
Staff hazard/incident notifications	19	10	13
Incidents reported to WorkSafe	0	0	0
WorkCover claims	0	0	0
Average cost per claim	0	0	0

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 reviews, incident and hazard reporting and promoting an ongoing commitment to continuous improvement in OHS.

OHS training completed in the reporting period

Training Program	Number of Participants
First aid (including annual CPR refresher)	3
Fire warden & emergency response	0
Health & safety representative annual refresher	2
Basic wildfire awareness	0

PART 3 – WORKFORCE DATA

19.COMPARATIVE WORKFORCE DATA

The Authority's philosophy of cost control and project delivery through partners is further demonstrated in our workforce data.

On 30 June 2020, the Authority employed 23 staff numbers (21.5 full time equivalent), compared to 26 staff (23.3 full time equivalent) on 30 June 2019.

The proportion of women was 43% at 30 June 2020 compared to 46% on 30 June 2019.

Employees have been correctly classified in workforce data collections.

The breakdown of staff for the Authority at the end of 2019/20 compared to 2018/19 is as follows:

	2019/2020		2018/2019	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive Officer	1	1	1	1
Managers	2	2	4	3.6
Corporate Services staff	4	3.8	3	2.7
Program staff	12	10.9	10	9.6
Quality and Performance (including hosted employees) staff	4	3.8	8	6.4
TOTAL	23	21.5	26	23.3
Men	13		14	
Women	10		12	
TOTAL	23		26	

Notes:

- All figures reflect employment levels during the last full pay period in June of each year.
- The 2019/20 figures exclude casuals.
- FTE means "Full Time Equivalent".

20. WORKFORCE INCLUSION POLICY

The Authority's Diversity and Inclusion Plan 2020 (DIP) is working towards providing a workplace and work practices that embrace, reflect, respect and promote the diversity of our community. The DIP has a target of having employment levels of aboriginal people within the EGCMA, contractors and Grant recipient partner groups reaching at least 5% by 2023.

The Authority's progress towards achieving this target is outlined below:

Diversity and Inclusion Plan 2020 initiative	Target	Progress in 2019/20	Progress in 2018/19
All management levels within the EGCMA will achieve a gender balanced membership.	2024	Achieved at Senior Manager level: Male: 34% Female: 66% In progress at middle management: Male: 80% Female: 20%	Achieved at Senior Manager level: Male: 34% Female: 66% In progress at middle management: Male 66% Female 34%
Employment levels of aboriginal people within the Authority, contractors and grant recipient partner groups will be at least 5%.	2023	Development of workforce metrics for measurement and tracking of progress towards goal.	GLaWAC Workforce Strategy completed. Developing workforce metrics for measurement.

PART 4 - OTHER DISCLOSURES

21. LOCAL JOBS FIRST

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

The Authority is required to apply the Local Job First policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria. MPSG applies to all construction projects valued at \$20 million or more. The MPSG guidelines and VIPPP guidelines will continue to apply to MPSG applicable and VIPPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

Projects Commenced – Local Jobs First Standard

During 2019-20, the Authority commenced one Local Jobs First Standard project totalling approximately \$2.6 million. This project is located in Gippsland and has a commitment of 100 per cent local content. No projects were commenced that occurred state-wide. The MSPG did not apply to this project.

The outcomes expected from the implementation of the Local Jobs First policy to this project is as follows:

- 19 local jobs to be created.
- 1 local job to be retained.

Projects Completed – Local Jobs First Standard

During 2019-20, the Authority completed one Local Jobs First Standard project.

Reporting requirements – all projects

During 2019-20, there was one business that prepared a Local Industry Development Plan (LIDP) and that business was successfully appointed as the Contractor.

Reporting requirements – grants

There were no grants provided during 2019-20 that required a conversation with the Industry Capability Network (Victoria) Ltd.

22. GOVERNMENT ADVERTISING EXPENDITURE

The Authority's expenditure in the 2019/20 reporting period on government campaign expenditure was nil.

23. CONSULTANCY EXPENDITURE

DETAILS OF CONSULTANCIES (VALUED AT \$10,000 OR GREATER)

In 2019/20 there were 6 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019/20 in relation to these consultancies was \$167,050 (excl. GST). Details of individual consultancies can be viewed at www.egcma.com.au

DETAILS OF CONSULTANCIES (VALUED AT LESS THAN \$10,000)

In 2019/20 there were 14 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019/20 in relation to these consultancies was \$48,233 (excl. GST).

24. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

For the 2019/20 reporting period, the Authority had a total ICT expenditure of \$751,197 with the details shown below:

(\$ '000)

Business as Usual (BAU) ICT expenditure	Non-Business as Usual (non-BAU) ICT expenditure (Total = Operational expenditure and Capital Expenditure)	Non-BAU ICT expenditure • Operational expenditure (OPEX)	Non-BAU ICT expenditure • Capital expenditure (Capex)
368	383	0	383

25. DISCLOSURE OF MAJOR CONTRACTS

The Authority did not award any major contracts (valued at \$10M or more) during 2019/20.

26. FREEDOM OF INFORMATION

The *Freedom of Information Act* 1982 (the FOI Act) allows the public a right of access to documents held by the Authority. The purpose of the Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents held by the Authority. This comprises documents both created by the Authority or supplied to the Authority by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by the Authority is available on the Authority's website under its Part II Information Statement.

The Act allows the Authority to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to the Authority in-confidence.

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods

of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

If an applicant is not satisfied by a decision made by the Authority, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

FOI requests can be lodged online at www.foi.vic.gov.au. An application fee of \$29.60 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to the Authority's Freedom of Information team, as detailed in s17 of the *Freedom of Information Act 1982*.

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in the possession of the Authority should be addressed to:

The FOI Officer
East Gippsland Catchment Management Authority
PO Box 1012
Bairnsdale, Vic 3875
Phone: 03 5150 3589 Email: FOI@egcma.com.au

FOI statistics/timeliness

During 2019/20, the Authority received one application. This request was from the general public.

The Authority made two FOI decisions during the 12 months ended 30 June 2020:

- 1 decision was made within the statutory 30 day time period.
- 1 decision was made within the extended 30 – 45 day time period.

The average time taken to finalise requests in 2019/20 was 29 days.

During 2019/20, no requests were subject to a complaint/internal review by OVIC.

Further information

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and foi.vic.gov.au.

27.COMPLIANCE WITH BUILDING ACT 1993

The Authority owns and operates three regional depots in Bairnsdale, Orbost and Genoa.

The Authority complies with the *Building Act 1993*, the Building Regulations 2006 and associated statutory requirements and amendments. Either an Occupancy Permit or a Certificate of Final Inspection is obtained for new facilities or for upgrades to existing facilities endorsed by a Municipal Building Surveyor or a Registered Building Surveyor Practitioner.

The Authority did not commence or complete any major projects or works on buildings owned by it greater than \$50,000 in 2019/20.

There have been no cases of registered building practitioners becoming deregistered following work on buildings owned by the Authority.

28. COMPETITIVE NEUTRALITY 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 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.

29. COMPLIANCE WITH THE *PUBLIC INTEREST DISCLOSURES ACT 2012*

The *Public Interest Disclosures Act 2012* (PID Act) enables people to make disclosures about improper conduct by public officers and public bodies.

The Authority is a “public body” for the purposes of the PID Act.

What is a public interest disclosure?

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

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

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

How do I make a public interest disclosure?

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

The Authority is not able to receive public interest disclosures.

The Authority has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about the Authority, its Board members, officers or employees. You can access the Authority’s procedures on its website at: <https://egcma.com.au/>

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria
Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000.
Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001
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.

30. COMPLIANCE WITH THE *DISABILITY ACT 2006*

The *Disability Act 2006* requires the Authority to prepare a disability action plan and to report on its implementation in the annual report. The Authority’s Diversity and Inclusion Implementation Plan (DIP) has set clear objectives and actions to ensure the Authority is an inclusive workplace where people with disabilities are not disadvantaged by any internal policy or procedures.

Progress in respect of the plan’s implementation is reported to the Authority’s Board. Initiatives to date include:

- Authority policies, procedures and systems are being reviewed to ensure people with disabilities are not disadvantaged.
- Removal of all personal identifiers from job applications before short listing of candidates.
- Evaluating the accessibility of our website.

31. COMPLIANCE WITH ANY OTHER LEGISLATION

Nil requirements.

32. OFFICE-BASED ENVIRONMENTAL IMPACTS

The Authority's Sustainability Policy reflects its commitment to reducing its environmental impacts which are reflected in all its current business practices by all staff.

The Authority has also commenced project scoping for a proposal to generate and supply solar power from the Authority's three depots at Bairnsdale, Orbost and Genoa.

The project aims to achieve net zero emissions by 2025 by generating and supplying solar power from our depots in Bairnsdale, Genoa and Orbost.

33. COMPLIANCE WITH DATAVIC ACCESS POLICY

In August 2012 the Victorian Government released the DataVic Access Policy, which enables the sharing of Government data at no, or minimal, cost to users. Government data from all agencies will be progressively supplied in a machine-readable format that will minimise access costs and maximise use and reuse. The Authority is progressively working towards compliance with this policy.

34. ADDITIONAL INFORMATION AVAILABLE ON REQUEST

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by the Authority and are available (in full) on request, subject to the provisions of the FOI Act:

- a) Details of publications produced by the Authority about itself, and how these can be obtained.
- b) Details of any major external reviews carried out on the Authority.
- c) Details of major research and development activities undertaken by the Authority.
- d) Details of major research and development activities undertaken by the Authority.
- e) Details of major promotional, public relations and marketing activities undertaken by the Authority to develop community awareness of the entity and its services; and
- f) Details of changes in prices, fees, charges, rates and levies charged.
- g) Declarations of pecuniary interests that have been duly completed by all relevant officers.

The information is available on request from:

Chief Executive Officer
East Gippsland Catchment Management Authority
Phone: 03 5152 0600
Email: egcma@egcma.com.au

Additional information included in annual report

Details in respect of the following items have been included in the Authority's annual report, on the pages indicated below:

- h) Assessments and measures undertaken to improve the occupational health and safety of employees (page 38).
- i) A list of the Authority's major committees; the purposes of each committee; and the extent to which the purposes have been achieved (page 35, 36, 37).

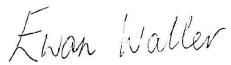
Information that is not applicable

The following information is not relevant to the Authority for the reasons set out below:

- j) A declaration of shares held by senior officers (no shares have ever been issued in the Authority's name).
- k) Details of overseas visits undertaken (no Board members or senior executives took overseas work-related trips).
- l) Statement of industrial relations within the Authority.

35. FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

I, Ewan Waller, on behalf of the Responsible Body, certify that the East Gippsland Catchment Management Authority has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.



Ewan Waller
Chairperson
East Gippsland Catchment Management Authority

Date 30 October 2020

PART 5 - FINANCIAL STATEMENTS



Independent Auditor's Report

To the Board of East Gippsland Catchment Management Authority

Opinion I have audited the financial report of East Gippsland Catchment Management Authority (the authority) which comprises the:

- balance sheet as at 30 June 2020
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- declaration in the financial statements.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
30 October 2020



Paul Martin
as delegate for the Auditor-General of Victoria

How this report is structured

The East Gippsland Catchment Management Authority has presented its audited general purpose financial statements for the financial year ended 30 June 2020 in the following structure to provide users with the information about the Authority's stewardship of resource entrusted to it.

Financial statements

Comprehensive operating statement
Balance sheet
Cash flow statement
Statement of changes in equity

Notes to the financial statements

1. About this report

The basis on which the financial statements have been prepared and compliance with reporting regulations

2. Funding delivery of our services

Revenue recognised in respect of Government contributions and other income sources

- 2.1 Summary of income that funds the delivery of our services
- 2.2 Income from transactions

3. The cost of delivering services

Operating expenses of the Authority

- 3.1 Expenses incurred in delivery of services
- 3.2 Materials, grants, contracts and consultancies
- 3.3 Other operating expenses

4. Key assets available to support output delivery

Land, buildings, information technology assets, plant and equipment, office furniture and equipment, motor vehicles, and intangible assets

- 4.1 Property, plant and equipment
- 4.2 Intangible Assets
- 4.3 Other financial assets

5. Other assets and liabilities

Other key assets and liabilities

- 5.1 Receivables
- 5.2 Payables
- 5.3 Contract assets and liabilities
- 5.4 Other non-financial assets

6. Financing our operations

Cash flow information, commitments for expenditure

- 6.1 Borrowing - Leases
- 6.2 Cash flow information and balances
- 6.3 Commitments for expenditure
- 6.4 Carry forward project funding

7. Risks, contingencies and valuation judgements

Financial risk management, contingent assets and liabilities as well as fair value determination

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination

8. Other disclosures

- 8.1 Ex-gratia expenses
- 8.2 Other economic flows included in net result
- 8.3 Reserves
- 8.4 Changes in accounting policy
- 8.5 Responsible persons
- 8.6 Remuneration of executive officers
- 8.7 Related parties
- 8.8 Remuneration of auditors
- 8.9 Subsequent events
- 8.10 Economic Dependency
- 8.11 Australian Accounting Standards issued that are not yet effective

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

COMPREHENSIVE OPERATING STATEMENT

for the financial year ended 30 June 2020

	Notes	2020	2019
Continuing operations		\$	\$
Income and revenue from transactions			
Government contributions	2.2.1	10,443,756	10,977,518
Interest		109,778	195,212
Other income	2.2.2	848,690	872,644
Total income from transactions		11,402,224	12,045,374
Expenses from transactions			
Employee expenses	3.1.1	2,801,765	2,833,976
Depreciation	4.1.1	411,384	133,024
Materials, grants, contracts and consultancies	3.2	7,668,343	7,436,663
Other operating expenses	3.3	627,449	879,286
Total expenses from transactions		11,508,941	11,282,949
Net result from transactions		(106,717)	762,425
Other economic flows included in net result	8.2	(6,642)	13,513
Net result		(113,359)	775,938
Comprehensive result		(113,359)	775,938

The accompanying notes form part of these financial statements.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

BALANCE SHEET

as at 30 June 2020

	Notes	2020	2019
		\$	\$
Assets			
Financial assets			
Cash and deposits	6.2	9,252,662	7,396,116
Receivables	5.1	325,826	954,867
Contract assets	5.3	734,837	-
Other financial assets	4.3	-	2,000,000
Total financial assets		10,313,325	10,350,983
Non-financial assets			
Property, plant and equipment	4.1	2,074,376	1,250,797
Intangible assets	4.2	254,865	71,606
Other non-financial assets	5.4	84,489	33,820
Total non-financial assets		2,413,730	1,356,223
Total assets		12,727,055	11,707,206
Liabilities			
Payables	5.2	768,299	1,307,357
Contract liabilities	5.3	809,820	-
Employee related provisions	3.1.2	759,164	736,109
Borrowings	6.1	839,391	-
Total liabilities		3,176,674	2,043,466
Net assets		9,550,381	9,663,740
Equity			
Accumulated surplus		1,720,572	1,833,931
Asset revaluation reserve	8.3	842,443	842,443
Contributed capital		6,987,366	6,987,366
Total Equity		9,550,381	9,663,740

The accompanying notes form part of these financial statements.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

CASH FLOW STATEMENT

for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts			
Receipts from government		10,337,959	10,212,712
Interest received		109,778	225,010
Goods and services tax received from the ATO (i)		517,178	485,402
Other receipts		742,894	985,103
Total receipts		11,707,809	11,908,227
Payments			
Payments to suppliers and employees		(11,234,286)	(10,539,920)
Total payments		(11,234,286)	(10,539,920)
Net cash flows from operating activities	6.2.1	473,523	1,368,307
Cash flows from investing activities			
Purchases of non-financial assets		(421,110)	(368,277)
Proceeds from the sale of non-financial assets		83,520	154,124
Sale of Financial Assets		2,000,000	5,200,000
Net cash inflow from investing activities		1,662,410	4,985,847
Cash Flows from Financing Activities			
Repayment of principal component of lease borrowing		(279,387)	-
Net cash used in financing activities		(279,387)	-
Net increase in cash and cash equivalents		1,856,546	6,354,154
Cash and cash equivalents at the beginning of the financial year		7,396,116	1,041,962
Cash and cash equivalents at end of financial year	6.2	9,252,662	7,396,116

The accompanying notes form part of these financial statements.

Note:

(i) GST received from the Australian Taxation Office is presented on a net basis.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2020

	Accumulated surplus	Asset revaluation reserve	Contributed capital	Total
	\$	\$	\$	\$
Balance at 1 July 2018	1,057,993	842,443	6,987,366	8,887,802
Net result for the year	775,938	-	-	775,938
Balance at 30 June 2019	1,833,931	842,443	6,987,366	9,663,740
Net result for the year	(113,359)	-	-	(113,359)
Balance at 30 June 2020	1,720,572	842,443	6,987,366	9,550,381

The accompanying notes form part of these financial statements.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

1. ABOUT THIS REPORT

The East Gippsland Catchment Management Authority is a government authority of the State of Victoria, established on 1 July 1997 by the state government.

Its principal address is: East Gippsland Catchment Management Authority
574 Main Street
Bairnsdale VIC 3875

Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Authority.

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 to or distributions by owners have also been designated as contributions by owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Coronavirus (COVID-19) pandemic and the impact on the financial statement. In March 2020, the Victorian government announced a mandate and imposed Stage 3 restrictions on the community in response to the coronavirus (COVID-19) pandemic. This has not been a significant impact on the operating and economic environment for the Authority. Management have considered the impacts of COVID-19 on the judgements and assumptions applied to accounting policies, estimates and have deemed that there is no effect.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates', and relate to:

- fair value measurements of assets and liabilities;
- employee benefit provisions;
- revenue recognition;
- accrued revenue/expenses.
- estimation of useful life of property, plant and equipment
- operating lease commitments

Compliance Information

These general purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AASs) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

1. ABOUT THIS REPORT (cont.)

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following accounting standards have been adopted by the Authority

Accounting for income has to comply with AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 1004 Contributions. A not-for-profit entity shall assess which revenue standard is applicable to its income streams. For a not-for-profit entity, the majority of income streams are likely to be under either AASB 15 or AASB 1058. As AASB 1058 undertakes a residual approach, an entity should assess the applicability of AASB 15 before it considers the application of AASB 1058.

AASB 16 Leases replaces AASB 117 Leases. and resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed for lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay the obligation for lease payments are recognised. Refer to Note 8.4.4 Transactional impact on financial statements.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

The Authority's overall objective is for the co-ordinated 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.

To enable the Authority to deliver on its objectives, it receives income predominantly through State and Commonwealth Government Contributions.

The Authority has made judgement on the recognition of grant revenue as income of not-for-profit entities where they do not contain sufficiently specific performance obligations. Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers is recognised when the authority satisfies the performance obligation by providing the relevant services to the relevant agencies. The performance obligations are so specific, that the unfulfilled performance obligation are easily measured and determined which closely reflect the progress to completion as costs are incurred as the works are carried out.

Structure

2.1 Summary of income that funds the delivery of our services

2.2 Income from transactions

2.1 Summary of income that funds the delivery of our services

	Notes	2020 \$	2019 \$
Government contributions	2.2.1	10,443,756	10,977,518
Interest		109,778	195,212
Other income	2.2.2	848,690	872,644
Total income from transactions		11,402,224	12,045,374

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured at fair value.

2.2 Income from transactions

2.2.1 Total Government contributions

	2020 \$	2019 \$
State Government		
Income recognised as income of not-for-profit entities		
River Health/ Healthy Waterways	4,181,000	4,295,827
Our Catchments, Our Communities	391,000	486,000
Catchment Planning/Corporate Governance	843,200	843,200
Second Generation Landcare	219,432	192,086
Water Statutory Functions	822,000	987,000
Natural Disaster Funding	686,215	686,106
Bushfire Recovery	-	50,000
Floodplain Management	150,000	150,000
Other State Funding	423,441	470,033
Income recognised as revenue from customers		
Drought Assistance Program	1,865,180	1,600,000
Total State Government	9,581,468	9,760,252
Commonwealth Government		
Income recognised as revenue from customers		
National Landcare Program	862,288	1,217,266
Total Commonwealth Government	862,288	1,217,266
	10,443,756	10,977,518

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

2.2.1 Total Government contributions (cont.)

Government contributions are recognised as income in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

The impact of initially applying AASB 1058 on the Authority's grant revenue is described in Note 8.4. Due to the modified retrospective transition method chosen in applying AASB 1058, comparative information has not been restated to reflect the new requirements. The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (refer Note 5.3). Where the performance obligations are satisfied but not yet billed, a contract asset is recorded (refer Note 5.3).

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Authority has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Authority recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue contribution by owners in accordance with AASB 1004.

Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers. This grant relates to the employment of rural sector workers who have been displaced due to severe drought conditions. Revenue is recognised over time when the rural sector employees are employed and paid for their services. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Contract asset and contract liabilities reconciliations

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

Contract asset reconciliation	2020	2019
	\$	\$
Balance at beginning of financial	-	-
Amount settled during the current year that was included in the balance at the beginning of the period	-	-
Revenue recognised in current year under AAS15 which had not been received as at balance day	734,837	-
Balance at end of financial year	734,837	-
Contract liability reconciliation	2020	2019
	\$	\$
Balance at beginning of financial year	-	-
Amount recognised as revenue during current year that was included in the balance at the beginning of the period	-	-
Revenue received in current year which performance obligations had not been completed as at balance date	809,820	-
Balance at end of financial year	809,820	-

Previous accounting policy for 30 June 2019

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to the Authority without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider).

The Authority recognises income when it has satisfied its requirements under the terms of the grant.

For non-reciprocal grants, the Authority recognises revenue when the grant is received.

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

Grants for on passing are grants paid to one institutional sector (e.g. a state based general government entity) to be passed on to another institutional sector (e.g. local government or a private non-profit institution).

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

2.2.2 Other income

	2020	2019
	\$	\$
Administered funds	30,000	135,500
Miscellaneous	818,690	737,144
Total other income	848,690	872,644

Administered funds consists of funds received from organisations who are members of groups financially administered by the Authority. These funds are received with insufficient specific performance obligations as per AASB15 and are treated as revenue when received under AASB1058.

Miscellaneous consists of funds received for providing payroll services to other organisations. Amounts received include reimbursement of salary paid and payment for services provided. These organisation includes Gunaikurnai Traditional Owners Land Management Board and East Gippsland Landcare Network. These funds are received with specific performance obligations as per AASB15.

The income was recognised when:

- the amount of the revenue, stage of completion and transaction costs incurred could be reliably measured; and
- it was probable that the economic benefits associated with the transaction would flow to the Authority.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

3. THE COST OF DELIVERING SERVICES

Introduction

This section provides an account of the expenses incurred by the Authority in delivering services. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with the provision of services are recorded.

Structure

- 3.1 Expenses Incurred in delivery of service
- 3.2 Materials, maintenance, grants, contracts & consultancy
- 3.3 Other operating expenses

3.1 Expenses incurred in delivery of services

	Notes	2020	2019
		\$	\$
Employee expenses	3.1.1	2,801,765	2,833,976
Materials, grants, contracts and consultancies	3.2	7,668,343	7,436,663
Other operating expenses	3.3	627,449	879,286
		<u>11,097,557</u>	<u>11,149,925</u>

3.1.1 Employee expenses in the comprehensive operating statement

		2020	2019
		\$	\$
Salaries and wages		2,057,940	1,991,151
Annual leave		193,734	210,697
Long service leave		79,283	133,622
Other leave		152,794	145,709
Superannuation	3.1.3	225,315	216,930
Other		92,699	135,867
Total employee expenses		<u>2,801,765</u>	<u>2,833,976</u>

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

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Authority is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

3.1.2 Employee related provisions in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

Significant judgement: Employee benefit provisions

In measuring employee benefits, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using a single weighted average discount rate based on market yields of national government bonds in Australia that reflects the estimated timing and amount of benefit payment.

	2020 \$	2019 \$
Current provisions for employee benefits		
Time in lieu and RDO:		
Unconditional and expected to be settled within 12 months	7,279	12,051
Annual leave:		
Unconditional and expected to be settled within 12 months	149,040	134,063
Unconditional and expected to be settled after 12 months	20,000	29,908
Long service leave:		
Unconditional and expected to be settled within 12 months	22,279	28,517
Unconditional and expected to be settled after 12 months	447,945	397,103
	<u>646,543</u>	<u>601,642</u>
Provisions for on-costs		
Unconditional and expected to be settled within 12 months	24,643	26,831
Unconditional and expected to be settled after 12 months	56,514	50,100
Total current provisions	<u>727,700</u>	<u>678,573</u>
Non-current provisions for employee benefits		
Long service leave:		
Conditional and expected to be settled after 12 months	27,939	51,090
Provisions for on-costs		
Conditional and expected to be settled after 12 months	3,525	6,446
Total non-current provisions	<u>31,464</u>	<u>57,536</u>
Total Provisions for employee benefits and on-costs	<u>759,164</u>	<u>736,109</u>
	2020	\$
Reconciliation of movement in on-cost provision		
Opening balance		83,377
Additional provisions recognised		19,558
Reductions resulting from payments/other sacrifices of future economic benefit		(16,431)
Unwind of discount and effect of changes in the discount rate		(1,822)
Closing balance		<u>84,682</u>

Wages and salaries, time in lieu, RDOs and annual leave:

Wages and salaries, annual leave and sick leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised. The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the Authority expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Operating Statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Long service leave (LSL):

Unconditional LSL is disclosed 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; or
- 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 a conditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

3.1.3 Superannuation contributions

Employees of the Authority are entitled to receive superannuation benefits and the Authority contributes to both defined benefit and defined contribution plans. The defined benefit plans provide benefits based on year of service and final average salary.

The Authority does not recognise any defined benefit liability because it has no legal or constructive obligation to pay future benefits relating to its employees. The Department of Treasury and Finance discloses in its annual financial statements the state's net defined benefits cost related to the members of these plans as an administered liability.

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

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

	2020	2019
	\$	\$
Defined benefit plans: (i)		
Vision super defined benefits scheme	7,533	6,933
Defined contribution plans:		
Vision super	62,259	69,784
Vic super	9,539	28,742
Other private schemes	145,984	111,471
Total	225,315	216,930

(i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plan.

There was \$22,423 in contributions outstanding to the above schemes as at 30 June 2020 (2019: \$23,396).

3.2 Materials, grants, contracts and consultancies

	2020	2019
	\$	\$
Materials	165,137	200,430
Grants paid	3,736,094	3,970,112
Contractors	3,518,918	3,050,502
Consultants	248,194	215,619
Total materials, grants, contracts and consultancies	7,668,343	7,436,663

Materials, grants, contracts and consultancies are recognised as an expense in the reporting period in which they are incurred.

3.3 Other operating expenses

	2020	2019
	\$	\$
Computer software and support	213,611	189,849
Education and training	32,221	36,421
Fares and accommodation	37,321	48,511
Fuels and lubricants	49,784	69,157
Insurance	40,228	38,211
Repairs and Maintenance	22,862	26,477
Interest expense on lease liabilities	31,504	-
Lease Expenses	17,647 (i)	247,000
Other	182,271 (ii)	223,660
	627,449	879,286

Note:

(i) Operating lease payments up until 30 June 2019 are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10 000
- Additional operating lease expense for 2017-18 and 2018-19 recognised in 2019-20 due to finalisation of an outstanding rental claim in 2019-20.

Refer Note 8.4.1 Changes in accounting policies - Leases

Variable lease payments that are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate and which are not, in substance fixed) such as those based on performance or usage of the underlying asset, are recognised in the Comprehensive operating statement (except for payments which have been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occur.

(ii) "Other" includes advertising and promotions, bank charges, cleaning, conferences and seminars, photocopying and printing, postage, staff facilities, stationary, subscriptions, publications, telephones and utility charges.

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Authority controls property, plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Authority to be utilised for delivery of those outputs.

Significant judgement: fair value measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how fair values were determined.

Structure

4.1 Property, plant, equipment

4.2 Intangible assets

4.3 Other financial assets

4.1 Property, plant, equipment

	Gross carrying amount		Accumulated Depreciation		Net carrying amount	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Land at fair value	575,000	575,000	-	-	575,000	575,000
Buildings at fair value (i)	1,247,273	160,000	(326,830)	(43,348)	920,443	116,652
Information Technology assets at fair value	242,225	42,678	(58,525)	(24,382)	183,700	18,296
Plant and equipment at fair value	126,007	119,596	(96,261)	(91,660)	29,746	27,936
Office furniture and equipment at fair value	43,913	43,914	(33,902)	(32,223)	10,011	11,691
Motor vehicles at fair value	530,916	648,201	(175,440)	(146,979)	355,476	501,222
Net carrying amount	2,765,334	1,589,389	(690,958)	(338,591)	2,074,376	1,250,797

(i) AASB 16 Leases has been applied for the first time from 1 July 2019

4.1(a) Total right-of-use Property, plant, equipment.

	Gross carrying amount	Accumulated Depreciation	Net carrying amount
	2020	2020	2020
Buildings at fair value	1,087,273	(271,818)	815,455
Net carrying amount	1,087,273	(271,818)	815,455
			Buildings
			2020
Opening balance 1 July 2019 (a)			1,087,273
Depreciation			(271,818)
Closing balance 30 June 2020			815,455

(a) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 to right-of-use assets recognised under AASB 16 at 1 July 2019.

Initial recognition

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

4.1(a) Total right-of-use Property, plant, equipment (cont.)

Right-of-use asset acquired by lessees (Under AASB 16 Leases from 1 July 2019) – Initial measurement

The Authority recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use asset – Subsequent measurement

The Authority depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Non-specialised land, non-specialised buildings and artworks are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

Subsequent measurement:

Property, plant and equipment (PPE) are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

The Department depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

Non specialised land & buildings

Non-specialised buildings are valued using the depreciated replacement cost method.

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.

Note 7.3 includes additional information in connection with fair value determination of property, plant and equipment.

Significant judgement: revaluations

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

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

Revaluation reserves are not transferred to accumulated surplus/(deficit) on derecognition of the relevant asset.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

4.1.1 Depreciation and amortisation

	2020	2019
Charge for the period	\$	\$
Buildings (i)	283,482	12,948
Information technology assets	34,143	17,224
Plant and equipment	4,602	4,393
Office furniture & equipment	1,680	1,370
Motor vehicles	87,477	97,089
Total depreciation	411,384	133,024

(i) The table incorporates depreciation of right-of-use assets as AASB 16 Leases, applied for the first time from 1 July 2019

All non-physical assets that have a finite useful lives are depreciated.

Asset	Useful Life
Buildings	20 years
Buildings - right of use assets	5 years
Information technology	4 years
Plant and equipment	10 years
Furniture & office equipment	10 years
Motor vehicles	7-10 years
Intangible Assets	4 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. Current useful lives are consistent with prior years.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where the Authority obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Land which is considered to have an indefinite life are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment of Property, plant & equipment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

4.1.2 Reconciliation of movements in carrying values of property, plant and equipment

	Land at fair value \$	Buildings at fair value \$	Information Technology assets at fair value \$	Plant and equipment at fair value \$	Office furniture and equipment at fair value \$	Motor vehicles at fair value \$	Total \$
2019-20							
Opening balance	575,000	116,652	18,296	27,936	11,691	501,222	1,250,797
Recognition of right of use asset on initial application of AASB 16 (i)	-	1,087,273	-	-	-	-	1,087,273
Adjusted Opening Balance	575,000	1,203,925	18,296	27,936	11,691	501,222	2,338,070
Additions	-	-	199,547	6,412	-	31,893	237,852
Disposals	-	-	-	-	-	(90,162)	(90,162)
Depreciation	-	(283,482)	(34,143)	(4,602)	(1,680)	(87,477)	(411,384)
Closing balance	575,000	920,443	183,700	29,746	10,011	355,476	2,074,376
2018-19							
Opening balance	575,000	129,600	18,710	28,314	10,569	465,568	1,227,761
Additions	-	-	16,810	4,015	2,492	273,354	296,671
Disposals	-	-	-	-	-	(140,611)	(140,611)
Depreciation	-	(12,948)	(17,224)	(4,393)	(1,370)	(97,089)	(133,024)
Closing balance	575,000	116,652	18,296	27,936	11,691	501,222	1,250,797

(i) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to operating leases - refer to Note 8.4.1

4.2 Intangible assets (i)

Reconciliation of movements in carrying values of intangible assets

	\$
2019-20	
Opening balance	71,606
Additions	183,259
Disposals	-
Depreciation	-
Closing balance	254,865
2018-19	
Opening balance	-
Additions	71,606
Disposals	-
Depreciation	-
Closing balance	71,606

(i) Intangible assets includes work in progress for the development of a financial and payroll system which is expected to be completed and ready for use in 2020-21.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

4.2 Intangible assets (cont.)

Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight-line basis over their useful lives. Produced intangible assets have useful lives of between three and five years.

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a straight-line basis over their useful lives. The amortisation period is three to five years.

Significant intangible assets

The Authority is capitalising the development of a new financial system and NRMS (Project Software). This project commenced in 2018-19 and is expected to be fully capitalised when completed and available for use in 2020-21.

4.3 Other financial assets

	2020 \$	2019 \$
Term deposits (i)		
Term Deposits - National Australia Bank	-	2,000,000
Total other financial assets	<u>-</u>	<u>2,000,000</u>

(i) Term deposits under 'investments and other financial assets' class include only term deposits with maturity greater than 90 days.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

5. OTHER ASSETS AND LIABILITIES

Introduction

This section sets out those assets and liabilities that arose from the Authority's operations.

Significant judgement: Accrued revenue, contract liabilities and accrued expenses

Performance obligations in contracts are normally stipulated in the contract with customers and the obligations are satisfied when the service obligations have been completed. For example the supply of goods and services or upon completion of service. Whilst payment is due on the completion of the obligation or service.

Structure

5.1 Receivables

5.2 Payables

5.3 Contract assets and liabilities

5.4 Other non-financial assets

5.1 Receivables

	2020	2019
Current receivables		
Contractual	\$	\$
Trade receivables	278,415	807,026
Accrued Revenue	-	46,902
	<u>278,415</u>	<u>853,928</u>
Statutory		
GST input tax credits recoverable	26,356	100,939
State revenue office payroll tax refund	21,055	-
Total current receivables	<u><u>325,826</u></u>	<u><u>954,867</u></u>

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables. Details about the Authority's impairment policies, the Authority's exposure to credit risk, and the calculation of the loss allowance are set out in note 7.1.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

5.2 Payables

	2020	2019
Current Payables		
Contractual	\$	\$
Trade payables	454,318	525,682
Accrued expenses	233,484	758,279
	<u>687,802</u>	<u>1,283,961</u>
Statutory		
Superannuation Guarantee	22,423	23,396
FBT payable	13,828	-
PAYE withholding Tax	44,246	-
Total current payables	<u><u>768,299</u></u>	<u><u>1,307,357</u></u>

Payables consist of :

Trade payable represent liabilities for goods and services provided to the Authority prior to the end of the financial year that are unpaid; and are classified as a financial instrument.

Contract Liabilities represents income received in advance for which the Authority has not completed their performance obligations and is not classified as a financial instrument.

Statutory payables (Superannuation guarantee, FBT payable and PAYE Tax) are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on the 'other payables' for the first 30 days from the date of the invoice.

5.2.1 Maturity analysis of contractual payables

	Maturity dates			
	Carrying amount	Less than 1 month	1-3 months	3-6 months
	\$	\$	\$	\$
2020				
Payables:				
Trade payables	454,318	454,318	-	-
Total	<u>454,318</u>	<u>454,318</u>	<u>-</u>	<u>-</u>
2019				
Payables:				
Trade payables	1,283,961	1,283,961	-	-
Total	<u>1,283,961</u>	<u>1,283,961</u>	<u>-</u>	<u>-</u>

Payables for supplies and services have an average credit period of 30 days.

5.3 Contract assets and liabilities

Contract assets	\$	\$
National landcare program - funding owed to authority at balance date	734,837	-
Total contract assets	<u><u>734,837</u></u>	<u><u>-</u></u>
Contract liabilities	\$	\$
Drought assistance program - funding received in advance	759,820	-
National Landcare program - funding received in advance	50,000	-
Total contract assets	<u><u>809,820</u></u>	<u><u>-</u></u>

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

5.3 Contract assets and liabilities (cont.)

Contract assets relating to funding owing to authority at balance date

The funding owed to the authority at balance date relates to consideration for work completed but not billed or invoiced as at the reporting date. The contract asset is transferred to receivables when the rights become unconditional and when the authority issues an invoice to the customer.

Contract liabilities relating to funding received in advance

Funding received in the reporting period, but the performance obligations are outstanding at balance date.

In estimating the amount of an accrued revenue or accrued expense, consideration is given to the stage of completion of the services being performed, and the extent of the costs incurred that are recoverable.

5.4 Other non-financial assets

	\$	\$
Prepayments	84,489	33,820
Total other non-financial assets	<u>84,489</u>	<u>33,820</u>

Other non-financial assets include prepayments which 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.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

6. FINANCING OUR OPERATIONS

This section provides information on the sources of finance utilised by the Authority during its operations and other information related to financing activities of the Authority.

This section includes disclosures of balances that are financial instruments, such as cash balances. Notes 7.1 and 7.3 provides additional, specific financial instrument disclosures.

Structure

6.1 Borrowings - Leases

6.2 Cash Flow information and balances

6.3 Commitments for expenditure

6.4 Carry forward project funds

The Authority's only Borrowings is a lease for its office accommodation at 574 Main St Bairnsdale. Details of this list is detailed in note 6.1.1 Leases.

6.1 Borrowings - Leases

	2020	2019
	\$	\$
Current Borrowings		
Lease Liabilities (i)	262,554	-
Non Current		
Lease Liabilities	576,837	-
Total Borrowings	839,391	-

(i) Leases liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Maturity analysis of Borrowings

	Carrying Amount	Nominal Amount	Less than 1 month	1-3 Months	3 months - 1 year	1-5 years	5+ years
2020							
Lease Liabilities	839,391	247,885	21,880	43,760	196,914	576,837	-
	839,391	247,885	21,880	43,760	196,914	576,837	-

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

6.1.1 Leases

Information about leases for which the Authority is a lessee is presented below.

The Authority leases its office accommodation at 574 Main St Bairnsdale. The lease contract is typically made for a fixed period of 5 year with an option to extend. Lease payments for properties are renegotiated every 5 years to reflect market rentals. The current lease expires in 2023

6.1.1(a) Right-of-use assets

Right-of-use assets are presented in note 4.1(a).

6.1.1(b) Amounts recognised in the Statement of Comprehensive Statement

	2020
	\$
Interest expense on lease liabilities	31,504
Expenses relating to short term leases	17,647
	<u>49,151</u>

6.1.1(c) Amounts recognised in the Statement of Cashflows

	2020
	\$
Total cash outflow for leases	(279,387)
	<u>(279,387)</u>

For any new contracts entered into on or after 1 July 2019, the Authority considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Authority assesses whether the contract meets three key evaluations:

- Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Authority and for which the supplier does not have substantive substitution rights;
- Whether the Authority has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the authority has the right to direct the use of the identified asset throughout the period of use; and
- Whether the Authority has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

6.1.1(c) Amounts recognised in the Statement of Cashflows (cont.)

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The Authority has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Presentation of right-of-use assets and lease liabilities

The Authority presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as operating leases.

Operating leases were not recognised in the Authority's balance sheet and were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

6.2 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

	2020	2019
	\$	\$
Cash and deposits disclosed in the balance sheet:		
Cash on hand	800	800
Cash at bank	1,126,842	823,879
Deposits at call	8,125,020	6,571,437
Balance as per cash flow statement	9,252,662	7,396,116

6.2.1 Reconciliation of net result to cash flow from operating activities

	2020	2019
	\$	\$
Net result for the period	(113,359)	775,938
Non-cash movements:		
Gain on disposal of non-current assets	6,642	(13,513)
Interest for leases	31,504	-
Depreciation	411,384	133,024
	<u>336,171</u>	<u>895,449</u>
Movements in assets and liabilities:		
(Increase)/decrease in receivables	629,041	(608,666)
(Increase) in contract assets	(734,837)	-
(Increase)/decrease in other non-financial assets	(50,669)	35,457
Increase/(decrease) in payables	(539,058)	917,277
Increase in contract liabilities	809,820	-
Increase in employee related provisions	23,055	128,790
Net cash flows from/(used in) operating activities	473,523	1,368,307

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

6.3 Commitments for expenditure

6.3.1 Total commitments payable

	Less than a year \$	1-5 years \$	5+ years \$	Total \$
2019-20				
Capital expenditure commitments payable (i)	89,013	-	-	89,013
Other commitments payable	17,979	-	-	17,979
Total commitments (inclusive of GST)	106,992	-	-	106,992
2018-19				
Operating Lease commitments payable (ii)	340,590	1,182,425	-	1,523,015
Total commitments (inclusive of GST)	340,590	1,182,425	-	1,523,015

(i) Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are recorded at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(ii) In 2018/19 the Authority had an operating lease commitment relating to office accommodation at 574 Main St Bairnsdale, with lease terms between one and five years. This lease is now recognised as leased asset from 1 July 2019 under the introduction of AASB16 Refer Leased assets Note 6.1.

As at 30 June 2020 the Authority had \$Nil in finance lease commitments (2019: \$Nil).

6.4 Carry forward project funding

Catchment Management Authorities are responsible for the facilitation and coordination of catchments in an integrated and sustainable manner. This is achieved by undertaking projects funded by Victorian and Australian Government programs. The Authority received 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 Water.

The projects funded by the State and Commonwealth Governments can be undertaken over multiple financial years and funding 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 cash and cash equivalents that will be utilised to complete these projects in future financial years.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

7. Risk, Contingencies and Valuations Judgements

Introduction

The Authority is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Authority relate mainly to fair value determination.

7.1 Financial instruments specific disclosures

7.2 Contingent assets and contingent liabilities

7.3 Fair value determination

7.1 Financial instruments: Specific Disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Authority's activities, certain financial assets and financial liabilities arise under statute rather than a contract, and as such, do not meet the definition of financial instruments.

Categories of financial assets

Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Authority to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Authority recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

Categories of financial liabilities

Financial liabilities at amortised cost are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. Financial instrument liabilities measured at amortised cost include all of the Authority's contractual payables (excluding statutory payables) and borrowings including lease liabilities.

Reclassification of financial liabilities

Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when the Department's business model for managing its financial assets has changed such that its previous model would no longer apply.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

7.1.1 Financial instruments: Impairment of Financial Assets under AASB 9

From 1 July 2018, the authority has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss Approach. Subject to AASB 9 impairment assessment include the Authority's contractual receivables and statutory receivables.

Contractual receivables at amortised cost

The Authority applies AASB 9 simplified approach for all contractual receivables to measure the expected credit losses using a lifetime expected loss allowance based on the assumptions about the risk of default and the expected loss rates. The Authority has grouped contractual receivables on shared credit risk characteristics and days past due, and select the credit loss rate based on the Authority's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the Authority determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at the end of the financial year as follows:

	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
30 June 2019						
Expected Loss Rate	0%	0%	0%	0%	0%	
	\$	\$	\$	\$	\$	\$
Gross carrying amount of contractual receivables	853,928	-	-	-	-	853,928
Loss Allowance	-	-	-	-	-	-
	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
30 June 2020						
Expected Loss Rate	0%	0%	0%	0%	0%	
	\$	\$	\$	\$	\$	\$
Gross carrying amount of contractual receivables	278,415	-	-	-	-	278,415
Loss Allowance	-	-	-	-	-	-

Statutory receivables at amortised cost

The Authority's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

7.1.2 Financial instruments: Categorisation

	Cash and Deposits \$	Financial assets - at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
2020				
Contractual financial assets				
Cash and deposits	9,252,662	-	-	9,252,662
<i>Receivables: (i)</i>				
Trade receivables	-	278,415	-	278,415
Total contractual financial assets	9,252,662	278,415	-	9,531,077
Contractual financial				
<i>Payables: (i)</i>				
Trade payables	-	-	687,802	687,802
Borrowings Lease Liabilities	-	-	839,391	839,391
Total contractual financial liabilities	-	-	1,527,193	1,527,193

	Cash and Deposits \$	Financial assets - at amortised cost \$	Financial liabilities at amortised cost \$	Total \$
2019				
Contractual financial assets				
Cash and deposits	7,396,116	-	-	7,396,116
<i>Receivables: (i)</i>				
Trade receivables	-	807,026	-	807,026
Accrued Revenue	-	46,902	-	46,902
Other financial assets	2,000,000	-	-	2,000,000
Total contractual financial assets	9,396,116	853,928	-	10,250,044
Contractual financial liabilities				
<i>Payables: (i)</i>				
Trade payables	-	-	525,682	525,682
Total contractual financial liabilities	-	-	525,682	525,682

(i) The total amounts disclosed here exclude statutory amounts.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

7.1.3 Financial risk management objectives and policies

The Authority's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The Authority manages these financial risks in accordance with its financial risk management policy.

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

Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The Authority's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Authority. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Authority's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the Authority has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate. For cash assets, the Authority's policy is to only deal with banks with high credit-ratings assigned by international credit-rating agencies. All cash and deposits were held with the Westpac Bank and National Australia Bank.

Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Authority operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution. During the COVID-19 pandemic the authority has reduced this payment period to within 14 days.

The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The Authority does not have any borrowings, and maintains high levels of cash and deposits readily available to meet its financial obligations. The Authority manages its liquidity risk by maintaining adequate cash reserves and continually monitoring the Authority's expenditure commitments and cash flow needs.

Financial instruments: Market risk

The Authority's exposure to market risk is primarily through interest rate risk with significant surplus funds held in deposits at a call in the Central Banking System. The Authority has no exposure to foreign exchange risk or other price risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority is required to invest surplus funds with the State Government Central Banking System (CBS) in compliance with the Standing Directions 2018 under the Financial Management Act 1994 (2018 Directions). The floating interest rates provided by the Central Banking System expose the Authority to interest rate risk. Management monitors movements in interest rates on a daily basis.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Authority's sensitivity to interest rate risk are set out in the table that follows.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

7.1.3 Financial risk management objectives and policies (cont.)

Interest rate exposure of financial instruments

	Weighted average interest rate %	Carrying amount \$	Interest rate exposure		
			Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$
2020					
Financial assets					
Cash and deposits	0.50	9,252,662	-	9,251,862	800
Trade receivables (i)	-	278,415	-	-	278,415
Total financial assets		9,531,077	-	9,251,862	279,215
Financial liabilities					
Contractual payables	-	732,048	-	-	732,048
Borrowings Lease Liabilities	3.90	839,391	839,391	-	-
Total financial liabilities		1,571,439	839,391	-	732,048
2019					
Financial assets					
Cash and deposits	1.48	7,396,116	-	7,395,316	800
Trade receivables (i)	-	853,928	-	-	853,928
Other financial assets	2.09	2,000,000	2,000,000	-	-
Total financial assets		10,250,044	2,000,000	7,395,316	854,728
Financial liabilities					
Contractual payables	-	1,307,357	-	-	1,307,357
Total financial liabilities		1,307,357	-	-	1,307,357

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

Interest rate risk sensitivity

The sensitivity analysis below shows the impact on the Authority's net result and equity for a movement of 50 basis points up and down in market interest rates.

	Carrying amount \$	Interest rate			
		-50 basis points		+50 basis points	
		Net result \$	Equity \$	Net result \$	Equity \$
2020					
Contractual financial assets					
Cash and deposits (i)	9,252,662	(46,263)	(46,263)	46,263	46,263
Total contractual financial assets	9,252,662	(46,263)	(46,263)	46,263	46,263
Contractual financial Liabilities					
Borrowings - Leases (ii)	839,391	(4,197)	(4,197)	4,197	4,197
Total contractual financial liabilities	839,391	(50,460)	(50,460)	50,460	50,460
2019					
Contractual financial assets					
Cash and deposits (i)	7,396,116	(36,981)	(36,981)	36,981	36,981
Other financial assets	2,000,000	(10,000)	(10,000)	10,000	10,000
Total contractual financial assets	9,396,116	(46,981)	(46,981)	46,981	46,981

(i) Cash and deposits includes \$9,252,663 (2019: \$7,396,116) that is exposed to floating rates movements.

Sensitivities to these movements are calculated as follows:

- 2020: $\$9,252,663 \times (0.005) = (\$46,263)$; and $\$9,252,663 \times 0.005 = \$46,263$
- 2019: $\$7,396,116 \times (0.005) = (\$36,981)$; and $\$7,396,116 \times 0.005 = \$36,981$

(i) Borrowings - lease includes \$839,391 (2019: \$0) that is exposed to interest rates movements at point of negotiation. Sensitivities to these movements are calculated as follows:

- 2020: $\$839,391 \times (0.005) = (\$4,197)$; $\$839,391 \times 0.005 = \$4,197$

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

There are no contingent assets or liabilities in 2020 or 2019.

7.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Authority.

The Authority's property, plant and equipment are carried at fair value.

In addition, the fair values of other assets and liabilities which are carried at amortised cost, also need to be determined for disclosure purposes.

The Authority determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- 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 unobservable, and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Authority determines whether transfers have occurred between levels in the hierarchy by reassessing 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, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

7.3.1 Fair value determination: Financial Instruments

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

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Authority currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019-20 reporting period

Financial assets

- (1) Cash and deposits
- (2) Receivables:
 - Receivables
 - Accrued revenue
- (3) Other financial assets

Financial liabilities

- (1) Payables:
 - Trade payables
 - Contractual payables
- (2) Borrowings:
 - Lease liabilities

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

Fair value of financial instruments measured at amortised cost

	Carrying amount 2020 \$	Fair value 2020 \$	Carrying amount 2019 \$	Fair value 2019 \$
Financial assets				
Trade receivables	278,415	278,415	853,928	853,928
Other financial assets	-	-	2,000,000	2,000,000
Financial liabilities				
Trade payables	454,318	454,318	525,682	525,682
Accrued expenses	233,484	233,484	758,279	758,279
Borrowing Lease Liabilities	839,391	839,391	-	-

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

	Carrying amount as at 30 June 2020 \$	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	575,000	-	575,000	-
Total land at fair value	575,000		575,000	-
Buildings at fair value				
Non-specialised buildings	104,988	-	104,988	-
Buildings - Right of Use				
Non-specialised buildings	815,455	-	815,455	-
Total buildings at fair value	920,443	-	920,443	-
Information technology assets	183,700	-	-	183,700
Total information technology assets at fair value	183,700	-	-	183,700
Plant and equipment at fair value				
Plant and equipment	29,746	-	-	29,746
Total plant and equipment at fair value	29,746	-	-	29,746
Office furniture and equipment at fair value				
Office furniture and equipment	10,011	-	-	10,011
Total Office furniture and equipment at fair value	10,011	-	-	10,011
Motor vehicles at fair value				
Motor vehicles	355,476	-	-	355,476
Total motor vehicles at fair value	355,476	-	-	355,476

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

7.3.2 Fair value determination: Non-financial physical assets (cont.)

		Carrying amount as at	Fair value measurement at end of reporting period using:		
		30 June 2019	Level 1	Level 2	Level 3
		\$	\$	\$	\$
Land at fair value					
	Non-specialised land	575,000	-	575,000	-
		575,000	-	575,000	-
Buildings at fair value					
	Non-specialised buildings	116,652	-	116,652	-
	Total buildings at fair value	116,652	-	116,652	-
Information Technology assets at fair value					
	Information Technology assets	18,296	-	-	18,296
	Total information technology assets at fair value	18,296	-	-	18,296
Plant and equipment at fair value					
	Plant and equipment	27,936	-	-	27,936
	Total plant and equipment at fair value	27,936	-	-	27,936
Office furniture and equipment at fair value					
	Office furniture and equipment	11,691	-	-	11,691
	Total office furniture and equipment at fair value	11,691	-	-	11,691
Motor vehicles at fair value					
	Motor vehicles	501,222	-	-	501,222
	Total motor vehicles at fair value	501,222	-	-	501,222

There have been no transfers between levels during the period.

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. The following methods and assumptions were used to estimate fair value:

Non-specialised land & non-specialised buildings

Non-specialised land is valued 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 value.

For the Authority's non-specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, non-specialised buildings are classified as Level 3 fair value measurements.

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria (VGV) to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre was applied to the subject asset. The effective date of the valuation was 30 June 2016.

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

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

Note 7.3.2 Fair value determination: Non-financial physical assets (cont.)

Specialised land

The market approach is also 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 in nature, specialised land would be classified as Level 3 assets.

An independent valuation of the Authority's specialised land was performed by the Valuer-General Victoria using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2016.

An independent valuation of the Authority's works assets was performed by the Valuer-General Victoria (VGV) to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre was applied to the subject asset. The effective date of the valuation was 30 June 2016.

Motor vehicles

Motor 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 motor vehicles.

Plant and equipment, information and technology assets and office furniture and equipment

Plant and equipment, information technology assets and office furniture and equipment is held at fair value. When plant and equipment, information and technology assets or office furniture 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 2020.

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

Reconciliation of Level 3 fair value movements

	Information Technology Assets	Plant and equipment	Office furniture and equipment	Motor vehicles
	\$	\$	\$	\$
2019-20				
Opening Balance	18,296	27,936	11,691	501,222
Purchases (sales)	199,547	6,412	-	(58,269)
Depreciation	(34,143)	(4,602)	(1,680)	(87,477)
Subtotal	183,700	29,746	10,011	355,476
Revaluation	-	-	-	-
Subtotal	183,700	29,746	10,011	355,476
Closing Balance	183,700	29,746	10,011	355,476
2018-19				
Opening Balance	18,710	28,314	10,569	465,568
Purchases (sales)	16,810	4,015	2,492	132,743
Depreciation	(17,224)	(4,393)	(1,370)	(97,089)
Subtotal	18,296	27,936	11,691	501,222
Closing Balance	18,296	27,936	11,691	501,222

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

Note 7.3.2 Fair value determination: Non-financial physical assets (cont.)

Description of significant unobservable inputs to Level 3 valuations at 30 June 2020

	Valuation technique	Significant unobservable inputs
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment
Information technology, Office furniture and equipment	Depreciated replacement cost	Cost per unit Useful life of furniture and equipment
Motor vehicles	Depreciated replacement cost	Cost per unit Useful life of vehicles

Significant unobservable inputs have remained unchanged since June 2016.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

8. Other disclosures

This section provides additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 8.1 Ex-gratia expenses
- 8.2 Other economic flows included in net result
- 8.3 Reserves
- 8.4 Changes in accounting policies
- 8.5 Responsible Persons
- 8.6 Remuneration of executive officers
- 8.7 Related Parties
- 8.8 Remuneration of auditors
- 8.9 Subsequent events
- 8.10 Economic Dependency
- 8.11 Australian Accounting Standards issued that are not yet effective

8.1 Ex-gratia expenses

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

The Authority had no ex-gratia expenses for the year ending 30 June 2020 (2019: \$0).

8.2 Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

	2020 \$	2019 \$
Net gain on disposal of non-financial assets		
Proceeds from sale of non-financial assets	83,520	154,124
Less written down value	(90,162)	(140,611)
Net gain on disposal of non-financial assets	(6,642)	13,513

8.3 Reserves

	2020 \$	2019 \$
Asset revaluation reserve:(i)		
Balance at beginning of financial year	842,443	842,443
Revaluation increments	-	-
Balance at end of financial year	842,443	842,443

(i) The assets revaluation reserve arises on the revaluation of land and buildings.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

8.4 Changes in accounting policies

8.4.1 Leases

This note explains the impact of the adoption of AASB 16 Leases on the Authority's financial statements.

The Authority has elected to apply AASB 16 with a date on initial application of 1 July 2019, using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Leases classified as operating leases under AASB 117

As a lessee, the Authority previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Authority. Under AASB 16, the Authority recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low-value leases.

On adoption of AASB 16, the Authority recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the Authority's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Impacts on financial statements

On transition to AASB 16, the Authority recognised \$1,087,273 of right-of-use assets and \$1,087,273 of lease liabilities.

When measuring lease liabilities, the Authority discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 3.9 per cent

Lease Liability Recognition

	1-Jul-19
	\$
Total operating lease commitments	1,384,559
Discounted using the incremental borrowing rate at 1 July 2019	1,087,273
Lease Liabilities recognised at 1 July 2019	<u>1,087,273</u>

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

8.4.2 Revenue from contracts with customers

In accordance with FRD 121 requirements, the Authority has applied the transitional provisions of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Authority applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

Comparative information has not been restated.

8.4.3 Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, the Authority has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, the Authority applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application. The Authority has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

8.4.4 Transactional impact on financial statements

Impact on the balance sheet due to the adoption of AASB 15, AASB 1058 and AASB 16.

	Before new accounting standards Amount at 30 June 2019	Impact of new accounting standards AASB 16, 15 and 1058	After new accounting standards Opening 1 July 2019
Total Financial Assets	10,350,983	-	10,350,983
Total Non Financial Assets	1,356,223	1,087,273	2,443,496
Total Assets	11,707,206	1,087,273	12,794,479
Payables	2,043,466	-	2,043,466
Borrowings	-	1,087,273	1,087,273
Other Liabilities	-	-	-
Asset Revaluation Reserve	842,443	-	842,443
Contributed Equity	6,987,366	-	6,987,366
Total Equity	7,829,809	1,087,273	7,829,809

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

8.5 Responsible persons

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

The names of the persons who were responsible persons of the Authority at any time during the financial year were:

The Hon. Lisa Neville, MP	Minister for Water	01 Jul 2019 to 30 Jun 2020
The Hon. Lily D'Ambrosio	Minister for Energy, Environment and Climate Change	01 Jul 2019 to 30 Jun 2020
Peter Veenker	(Chair - 01/7/2019 - 30/9/2019)	01 Jul 2019 to 30 Sep 2019
William Ernest Bulmer	(Chair - 1/10/2019 - 11/3/2020)	01 Jul 2019 to 11 Mar 2020
Jennifer Fraser	(Acting Chair - 12/3/2020 - 30/4/2020)	01 Jul 2019 to 30 Jun 2020
Ewan Waller	(Chair - 1/5/2020 - 30/6/2020)	01 Jul 2019 to 30 Jun 2020
Graeme Dear	CEO	01 Jul 2019 to 30 Jun 2020
Nicola Watts	(Board Member)	01 Jul 2019 to 30 Sep 2019
Christine Wrench	(Board Member)	01 Jul 2019 to 30 Sep 2019
Glenys Watts	(Board Member)	01 Jul 2019 to 30 Jun 2020
Claire Miller	(Board Member)	01 Jul 2019 to 30 Jun 2020
Frankie MacLennan	(Board Member)	01 Jul 2019 to 30 Jun 2020
Merrilyn Woodhouse	(Board Member)	01 Oct 2019 to 30 Jun 2020
Courtney Mraz	(Board Member)	01 Oct 2019 to 30 Jun 2020

Remuneration

Income band	2020	2019
\$0–\$9,999	3	0
\$10,000–\$19,999	7	8
\$20,000–\$29,999	1	1
\$200,000–\$209,999 (<i>Accountable Officer</i>)	1	1
Total Remuneration \$	368,475	356,721

The compensation detailed above excludes the salaries and benefits the Portfolio Ministers receive. The Ministers' remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

8.6 Remuneration of executive officers

The number of executive officers and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Remuneration of executive officers	2020	2019
	\$	\$
Short-term employee benefits	447,995	522,665
Post-employment benefits	42,560	35,258
Other long-term benefits	11,200	13,067
Total remuneration	501,755	570,989
Total number of executives (i)	3	4
Total annualised employee equivalents (ii)	3	4

Notes:

(i) The total number of executive officers includes, but is not limited to, persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 8.7).

(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

8.7 Related parties

The Authority is a wholly owned and controlled entity of the State of Victoria. Related parties of the Authority include:

- all key management personnel and their close family members and personal business interests
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with related entities

During the year, the Authority received funding from the following related entities:

Entity	Funding received	
	2020	2019
	\$	\$
Department of Environment, Land, Water and Planning	13,993,495	11,152,814
Department of Treasury and Finance	-	1,037,973

The funding received was government contributions for specific activities undertaken by the Authority in the ordinary course of its business.

During the year, the Authority made significant payments to the following government related entities:

Entity	Payments made	
	2020	2019
	\$	\$
Department of Environment, Land, Water and Planning	841,070	191,947
Dept of Jobs, Precincts and Regions	103,358	7,150
West Gippsland Catchment	1,119,612	1,298,155
Trust for Nature (Victoria)	174,190	235,070
Parks Victoria	698,564	694,157
East Gippsland Region Water Corporation	3,659	2,052
	Amounts owing to	
	2020	2019
	\$	\$

As at the balance date the following amounts were owed by the Authority to government related entities:

Dept of Jobs, Precincts and Regions	44,309	-
Department of Environment, Land, Water and Planning	-	25,300

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

8.7 Related parties (cont.)

Significant transactions with non-government related entities

During the year, the Authority received income from the following non-government related entities:

Entity	Funding received	
	2020	2019
	\$	\$
Gunaikurnai Traditional Owners Land Management Board	470,645	509,838
As at the balance date Gunaikurnai Traditional Owners Land Management Board owed the Authority	7,255	16,232

During the year, the Authority made significant payments to the following non-government related entities:

Entity	Payments made	
	2020	2019
	\$	\$
Gunaikurnai Land and Waters Aboriginal Corporation	252,869	309,472
The payments made were for specific activities or services required by the Authority in the ordinary course of its business.		

	Amounts owing from	
	2020	2019
	\$	\$
As at the balance date the following amounts were owed by the non Gunaikurnai Land and Waters Aboriginal Corporation	16,101	16,101

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Authority, directly or indirectly, this comprises all board members and the Chief Executive Officer. Key management personnel include all Responsible persons as listed in Note 8.5.

The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Ministers' remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

	2020	2019
	\$	\$
Compensation of KMPs		
Short-term employee benefits	332,940	290,454
Post-employment benefits	30,623	53,200
Other long-term benefits	4,912	13,067
Total	368,475	356,721

Transactions with key management personnel and other related parties

Given the breadth and depth of Corporation activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the Authority, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Outside of normal citizen type transactions, there were no related party transactions that involved key management personnel, their close family members and their personal business interests.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

8.8 Remuneration of auditors

Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Authority's financial report:

	2020	2019
	\$	\$
Victorian Auditor-General's Office for audit of financial statements	17,500	17,000
Total remuneration of auditors	17,500	17,000

8.9 Subsequent events

The State of Victoria has introduced more restrictions post balancing date in response to the "second wave" of Coronavirus pandemic. The measures implemented included stricter limitations on the operation of businesses in Victoria. The Authority has assessed that these restrictions are unlikely to have a financial impact. The tighter restrictions have resulted in the closure of the office with most employees working from home. The Victorian Government has agreed policies to address the financial impacts of Coronavirus on some of the State controlled entities. These policies will ensure the entities' continued operation throughout the Coronavirus pandemic.

No other matter 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 transaction years.

8.10 Economic dependency

The authority is dependant on the Department of Environment Land, Water and Planning (DELWP) for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support the authority

8.11 Australian Accounting Standards issued that are not yet effective

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2020 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises the Authority of their applicability and early adoption where applicable. The following is a list of the AASs issued but are not yet effective for the 2019-20 reporting period.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on or after	Impact on financial statements
AASB 17 Insurance Contracts	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reinsurance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance	1 Jan 2021	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 Jan 2019	The assessment has indicated that there will be no significant impact for the public sector.

EAST GIPPSLAND CATCHMENT MANAGEMENT AUTHORITY

Declaration in the Financial Statements

The attached financial statements for the East Gippsland Catchment Management Authority have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

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

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 27 October 2020.



Ewan Waller
Chairperson



Graeme Dear
CEO and Accountable Officer



Daryl Cooper
Chief Finance & Accounting Officer

Disclosure Index

Legislation	Requirement	Page reference
Ministerial Directions & Financial Reporting Directions		
Report of operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers.....	8
FRD 22H	Purpose, functions, powers and duties	9
FRD 8D	Departmental objectives, indicators and outputs.....	N/A
FRD 22H	Key initiatives and Projects	31
FRD 22H	Nature and range of services provided	8
Management structure		
FRD 22H	Organisational structure	34
Financial and other information		
FRD 8D	Performance against output performance measures	11
FRD 8D	Budget portfolio outcomes	N/A
FRD 10A	Disclosure Index.....	95
FRD 12B	Disclosure of Major Contracts	42
FRD 15E	Executive Officer disclosure.....	N/A
FRD 22H	Public Sector Values and Employment Principles	38
FRD 22H	Occupational Health and Safety	38
FRD 22H	Summary of the financial results for the year	33
FRD 22H	Significant changes in financial position during the year	33
FRD 22H	Major changes affecting performance	33
FRD 22H	Subsequent events	33
FRD 22H	Application and operation of Freedom of Information Act 1982	42
FRD 22H	Compliance with building and maintenance provisions under the Building Act 1993.....	43
FRD 22H	Statement on Competitive Neutrality Policy.....	44
FRD 22H	Application and operation of the Public Interest Disclosures Act 2012.....	44
FRD 22H	Application and operation of the Carers Recognition Act 2012	N/A
FRD 22H	Details of consultancies over \$10,000	42
FRD 22H	Details of consultancies under \$10,000.....	42
FRD 22H	Details of government advertising expenditure	42
FRD 22H	Disclosure of ICT expenditure.....	42
FRD 22H	Statement of availability of other information	45
FRD 24D	Reporting of office based environmental impacts.....	45
FRD 25D	Local Jobs First.....	41
FRD 29C	Workforce Data.....	40
SRD 5.2	Specific requirements under Standing Direction 5.2.....	94
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	46
SD 5.2.3	Declaration in report of operations.....	3
Financial statements		
Declaration		
SD 5.2.2	Declaration in financial statements	94
Other requirements under Standing Direction 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	55

SD 5.2.1(a) Compliance with Standing Directions.....	46
--	----

Other disclosures as required by FRDs in notes to the financial statements *

FRD 9B Departmental Disclosure of Administered Assets and Liabilities by Activity.....	N/A
FRD 11A Disclosure of Ex gratia Expenses.....	86
FRD 13 Disclosure of Parliamentary Appropriations.....	N/A
FRD 21C Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	89
FRD 103H Non Financial Physical Assets	83
FRD 110A Cash Flow Statements.....	53
FRD 112D Defined Benefit Superannuation Obligations.....	62
FRD 114C Financial Instruments – general government entities and public non-financial corporations.....	75

*Note: References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are of the nature of disclosure

Legislation

Freedom of Information Act 1982.....	42
Building Act 1993	43
Public Interest Disclosures Act 2012.....	44
Carers Recognition Act 2012	N/A
Disability Act 2006.....	44
Local Jobs First Act 2003.....	41
Financial Management Act 1994	3

LIST OF USED ACRONYMS/ABBREVIATIONS

BAU	Business as Usual
CaLP Act	<i>Catchment and Land Protection Act 1994</i>
CEO	Chief Executive Officer
CMA _s	Catchment Management Authorities
DELWP	Department of Environment, Land, Water and Planning
DIP	Diversity and Inclusion Plan 2020
EC4	Fourth Environmental Contributions Levy
EGCMA	East Gippsland Catchment Management Authority
EGLN	East Gippsland Landcare Network
EGWS 2014-2022	East Gippsland Waterway Strategy 2014-2022
FCPA	Fellow of Certified Practicing Accountant
FMA	<i>Financial Management Act 1994</i>
FOI	Freedom of Information
FOI ACT	<i>Freedom of Information Act 1982</i>
GEA	Gippsland Environment Agencies
GEA WLT	Gippsland Environment Agencies – Women Leadership Team
GKTOLMB	Gunaikurnai Traditional Owner Land Management Board
GLaWAC	Gunaikurnai Land and Waters Aboriginal Corporation
GLCC	Gippsland Lakes Coordinating Committee
Ha or ha	Hectare
IBAC	Independent Broad-based Anti-corruption Commission
ICM	Integrated Catchment Management
ICT	Information and Communication Technology
IWM	Integrated Water Management
Km	Kilometre

MERI	Monitoring Evaluation Reporting and Improvement
MPSG	Major Project Skills Guarantee
No.	Number
Non BAU	Non-Business as Usual
NLP	National Landcare Program
NLP2	National Landcare Program Phase 2
NRM	Natural Resource Management
OHS	Occupational Health and Safety
PA Act	<i>Public Administration Act 2004</i>
PID Act	<i>Public Interest Disclosure Act 2012</i>
PV	Parks Victoria
RAP	Registered Aboriginal Party
RCS	Regional Catchment Strategy
RFMS	Regional Floodplain Management Strategy
RRAP	Regional Riparian Action Plan
RSA	Recognition and Settlement Agreement
The Authority	East Gippsland Catchment Management Authority
VFA	Victorian Fisheries Authority
VIPP	Victorian Industry Participation Program
VLP	Victorian Landcare Program
VWPIF	Victorian Water Program Investment Framework
Water Act	<i>Water Act 1989</i>