

An artwork depicting a dry, cracked landscape with a wooden bowl in the foreground. Inside the bowl lies an open book with faded, missing lines of text, and a hand with a bandage. The background shows a line of trees under a blue sky.

Annual Report / 2017–18

This artwork symbolises the coming together of two cultures for the protection of Country and to preserve Aboriginal sites, lands, water-ways, flora and fauna. The pages of the book are bleached and the words faded, with missing lines. For the book to be strong and complete, it must include the knowledge of both cultures.

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mallee
catchment management authority

VICTORIA
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Government

Veronica Harradine
2017

Acknowledgements



Cover Image

Artist Veronica (Ronnie) Harradine
Title Gathering of Knowledge (2017)
Medium Oil on Canvas (760x1001mm)

This artwork symbolises the coming together of two cultures for the protection of Country and to preserve Aboriginal sites, lands, water-ways, flora and fauna. Respect and acknowledgement of the expertise which comes from both Indigenous cultural practices and western knowledge are represented.

One stems from thousands of years of caring for Country and the other is based on western scientific practice. Both look at the same landscape but see it through different eyes. Understanding and appreciation for each other's cultural views and knowledge will ensure that Country is valued, sustained and maintained for future generations.

The artwork is a Murray River landscape, used and enjoyed for cultural practices and recreation. I have placed a Coolamon floating above the landscape and inside is an Aboriginal message stick and book. The pages of the book are bleached and the words faded, with missing lines. For the book to be strong and complete, it must include the knowledge of both cultures.

This artwork celebrates the importance of healing, preserving and caring for Country, to maintain cultural knowledge. The Coolamon, an Aboriginal gathering tool, ultimately sustains life, hence the title of the painting, Gathering of Knowledge.

The Mallee Catchment Management Authority (CMA) acknowledges and respects Traditional Owners, Aboriginal communities and organisations. We recognise the diversity of their cultures and the deep connections they have with Victoria's land and waters. We value partnerships with them for the health of people and country. The Mallee CMA Board, management and staff pay their respects to Elders past and present, and recognise the primacy of Traditional Owners' obligations, rights and responsibilities to use and care for their traditional lands and waters.

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Declaration in Report of Operations

Responsible Body's declaration

In accordance with the *Financial Management Act 1994* (Vic), I am pleased to present the Mallee Catchment Management Authority's Annual Report for the year ending 30 June 2018.



Sharon Peart

Board Chair

Mallee Catchment Management Authority

22 August 2018

Part 1: Year in Review

Vision, Mission, Values

Our Vision

"Informed and active communities balancing the use of resources to generate wealth, with the protection and enhancement of our natural and cultural landscapes." (Mallee Regional Catchment Strategy 2013-19)

Our Mission

"To ensure natural resources in the region are managed in an integrated and ecologically sustainable way and in accordance with our community's expectations."

Our Values

In delivering against these priorities the Mallee Catchment Management Authority Board, management and staff will demonstrate the values and behaviours stated below.



Figure 1 | Mallee CMA Values and Behaviours.

Chair's Report

A successful year of delivering natural resource management across the Victorian Mallee has been underpinned by the Mallee Catchment Management Authority's (CMA's) commitment to our community, our region and our responsibilities.

The Mallee CMA's Annual Report 2017-18 documents our progress under the Victorian Government's innovative *Our Catchment, Our Communities* strategy and *Water for Victoria* by illustrating the work done, in partnership with our community, to protect and enhance the region's land, water and biodiversity.

Integrating our catchment

The Victorian Government's *Our Catchments, Our Communities* initiative has given the Victorian Mallee the opportunity to bring communities of interest together to drive and implement "The Tyrrell Project – ancient landscapes, new connections". The project is based around one of Victoria's most culturally and environmentally significant sites – Lake Tyrrell, in the central Mallee. In recent times, Lake Tyrrell's stunning sunrises and sunsets, amazing scenery and spectacular night skies have driven a surge in international and domestic tourism. However, this increased activity came at a cost: damage was caused to the pristine lake environment and limited tourism infrastructure meant the majority of visitors left the area without contributing to the local economy.

By empowering the local community, and providing a focal point for a wide range of agencies to work together, The Tyrrell Project is supporting the local community's newly developed tourism strategy by helping deliver much-needed social, economic and environmental outcomes. Three community-based reference groups (CRGs) have been established (Creeks CRG, Wetlands CRG and Lake Tyrrell Project Control Group), and effective communication and collaboration is ensuring the project is community-driven; prioritises local assets and on-ground works; and achieves outcomes in line with community goals and aspirations. In 2017-18, the second year of the four-year project, 40 partnerships were established; more than 620 people attended events; 2,683 hectares (ha) of weed control activities were undertaken; 22 ha were revegetated to improve natural linkages in the landscape; and 3,101 ha of pest animal control was delivered. The Tyrrell project is protecting a fragile natural landscape through targeted on-ground works and, just as importantly, it is building community pride and that is an important, shared investment in the future.

Delivering waterway and catchment health

Our teams have been proudly working with Traditional Owners, community members and partner agencies to progress works at Merbein Common, which is identified as a "flagship waterway" under the Victorian Government's record \$222 million investment into waterway and catchment health. Merbein Common is one of the large-scale restoration projects underway across Victoria, with this iconic site made up of a series of nationally-significant wetlands, such as Cowanna Billabong, and diverse landscapes of river red gum and black box. Investment at the site builds on the success of providing water for the environment across the site in recent years, and is a direct response to strong community support for improving facilities for bushwalking, cycling and canoeing, and constructing interpretative signage explaining cultural values.

The Mallee CMA is also partnering with agencies across the water and agriculture sectors to undertake irrigation and salinity management actions identified as a priority for the Mallee by the Victorian Government's blue-print for water security, *Water for Victoria* (2016). Key actions include addressing Action 4.8, Salinity Management in the Mallee; delivering against priorities established by the Mallee's Salinity Investment Plan to offset the salinity impact of new irrigation development between Nyah and the South Australian border; and reviewing the implementation of the Victorian Mallee Irrigation Region Land and Water Management Plan.

Recognising and supporting Aboriginal cultural values and economic inclusion in the water sector

The Mallee CMA is continuing to actively support Indigenous communities to participate in the development, delivery and evaluation of natural resource management (NRM) programs and activities, including recognising and supporting Indigenous cultural values and economic inclusion in the NRM sector.

Our work in this area is guided by the Mallee CMA's Aboriginal Reference Group (ARG), which provides an important, direct connection to the Traditional Owner and Aboriginal community groups across the Victorian Mallee. With the generous guidance and knowledge sharing of the ARG members, the Mallee CMA proudly launched its "Innovate" Reconciliation Action Plan (RAP) in March 2018. The RAP is an extension of the Indigenous Participation Plan (2016) that the Mallee CMA developed to give Aboriginal and Torres Strait Islanders a pathway into NRM in terms of project planning, communication and implementation. The Mallee CMA RAP has been endorsed by Reconciliation Australia and its implementation is monitored by a dedicated working group established as part of the Mallee CMA's ARG.

In addition to this, the Mallee CMA is proud to have supported the First People of the Millewa-Mallee to commence Whole-of-Country Planning during 2017-18; worked with the Murray Lower Darling Rivers Indigenous Nations (MLDRIN) and local Traditional Owners to undertake Aboriginal Waterway Assessments at priority waterways; and partnered with numerous local Aboriginal community groups to undertake cultural heritage assessments and on-Country visits across our beautiful region.

Recognising recreational values

The Mallee CMA's Our Catchments, Our Communities project, The Tyrrell Project, has provided an excellent opportunity for the Birchip community to drive projects at Lake Tchum that have celebrated and improved the recreational values of this important Mallee wetland. In partnership with the community and Birchip P-12 School, The Tyrrell Project has delivered a new 780 metre walking track; the planting of more than 300 native trees; and the development of informative signage explaining the values of the lake and its surrounds.

Embracing diversity and inclusion

Through the implementation of our newly-developed Mallee CMA Diversity and Inclusion Plan 2017, we are committed to actively building a diverse workforce, while encouraging leadership diversity and culture. We are proud of the actions we have taken this year to embrace and encourage diversity and inclusion in our workplace, including addressing unconscious bias through improved selection and recruitment processes; developing multi-language signage to cater for the number of language groups visiting the iconic Lake Tyrrell; and designing infrastructure such as canoe launches and fishing platforms to improve accessibility to wetlands.

As an organisation, we remain committed to building a diverse workforce and have developed a 2018-19 action plan to continue our progress in this area.

Improving our performance and demonstrating outcomes

The Mallee CMA is committed to a high level of corporate governance and to fostering a culture that values ethical behaviour, integrity and respect. As an organisation, we believe adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and achievement of priority NRM outcomes. Our commitment is evidenced by our continued efforts invested in retaining ISO 9001:2015 certification for our Quality Management System. I am proud to say we have achieved this by encouraging a strong staff-led process to facilitate

continuous improvement, while also undertaking annual management reviews, regular internal audits and external ISO 9001:2015 accredited surveillance audits.

In addition to this, the Mallee CMA is actively working to strengthen coordination, collaboration and accountability, reduce duplication, and provide clarity on roles and responsibilities between key catchment management partners through the implementation of the Mallee Catchment Partnership Agreement. This partnership is proving to be valuable in its ability to provide members with improved visibility of key projects, investments and opportunities on a regional scale, together with the opportunity to value-add to project delivery by working together.

Conclusion

I would like to take this opportunity to thank the Mallee CMA's funding and delivery partners, Landcare groups, members of our advisory committees, and the local community for their continuing support of, and input to, caring for our region's land, water and biodiversity.

My thanks also to my colleagues on the Mallee CMA Board, who have generously shared their expertise and advice with the organisation throughout the year. This includes Elizabeth Marwood, who resigned from her position on the Board during the year. Each Board member has continuously displayed their commitment to the organisation throughout 2017-18 and I am proud to serve alongside them.

It is with pleasure; I present to you the Mallee CMA's Annual Report 2017-18.



Sharon Peart
Board Chair
Mallee Catchment Management Authority

22 August 2018

Manner of establishment and responsible Ministers

The Mallee Catchment Management Authority (CMA) is established under the *Catchment and Land Protection Act 1994* (Vic) (CaLP Act). The responsible Ministers for the period from 1 July 2017 to 30 June 2018 were the Hon Lisa Neville MP, Minister for Water and the Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change.

Nature and range of services provided

The Mallee CMA region covers 39,939 km², around one-fifth of Victoria. The largest catchment management area in the state, it runs along the Murray River from Nyah to the South Australian border and south through vast dryland cropping areas and public reserves (see Figure 2).

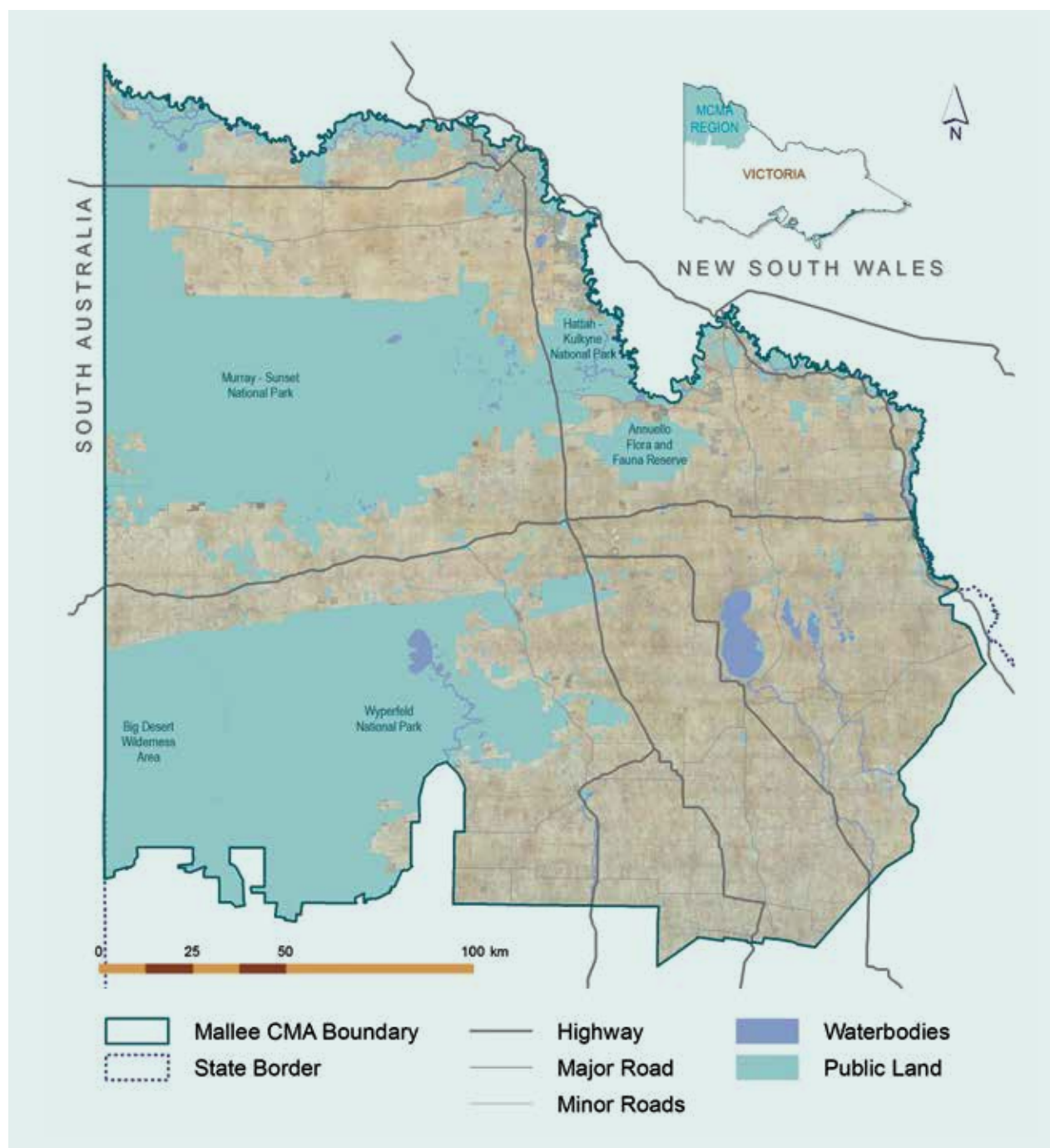


Figure 2 | Map of Mallee CMA region.

The primary role of the Mallee CMA is to facilitate integrated and ecologically sustainable management of natural, cultural and productive landscapes occurring within the region. Programs and projects are developed to deliver against the region's priorities for these landscapes, as detailed in the Mallee Regional Catchment Strategy 2013-19 (RCS) and its associated sub-strategies and plans. The Mallee RCS is prepared under the provisions of the CaLP Act, in partnership with regional stakeholders, as a framework for strategic action to support and focus the ongoing co-ordinated efforts of the region's land managers, government agencies and community groups.

Within this context, Mallee CMA investment planning and delivery is informed by the long-term (20 year) objectives and strategic (6 year) actions set by the RCS for each of the following regional asset types:

- Rivers;
- Wetlands;
- Threatened species and communities;
- Terrestrial habitat;
- Groundwater;
- Soils;
- Agricultural land;
- Culture and heritage; and
- Community capacity for Natural Resource Management (NRM).

A suite of RCS sub-strategies and plans (e.g. Mallee Waterway Strategy, Mallee Indigenous Participation Plan, Mallee Landcare Support Strategy, Mallee Irrigation Region Land and Water Management Plan, Mallee Floodplain Management Strategy) provide additional detail on the activities required to protect and enhance regional assets, and the roles and responsibilities of regional stakeholders in the delivery of these activities. These are further complemented by site-based plans (e.g. Environmental Watering Management Plans) which establish priorities and delivery mechanisms.

The RCS monitoring, evaluation, reporting and improvement (MERI) framework is applied to all Mallee CMA activities to support continuous improvement and adaptive management processes.

Key regional stakeholders engaged in the development, delivery and review of the Mallee RCS and its associated sub-strategies include: government agencies; local government; water corporations; community and industry-based groups; private land managers; and Traditional Owners. Participation by the broader Mallee community in natural resource management (NRM) activities is also supported to facilitate awareness and skills-based outcomes.

Objectives, functions, powers and duties

As a statutory authority, the Mallee CMA has clear duties and accountabilities set out in legislation. The Statement of Obligations for the *Catchment and Land Protection Act 1994* (Vic) and the *Water Act 1989* (Vic) set out the key business undertakings of the Mallee CMA as being to:

- Facilitate and coordinate the management of catchments in an integrated and sustainable manner as it relates to land, biodiversity and water resources;
- Plan and make decisions within an integrated catchment management context that balance social, economic and environmental outcomes;
- Target investment to address priorities and deliver maximum improvement in resource condition of catchments, land, biodiversity and water resources;
- Provide opportunities for community engagement in the integrated management of catchments and natural assets including land, biodiversity and water resources;
- Develop strategic partnerships with relevant stakeholders including public authorities and government agencies;
- Promote and apply a risk management approach which seeks to protect, enhance and restore natural assets and reduce the impact of climate change;
- Promote and adopt an adaptive approach to integrated catchment management, including continuous review, innovation and improvement;
- Manage business operations in a prudent, efficient and responsible manner;
- Act as the caretaker of river health and provide regional leadership on issues relating to river health; and
- Undertake the operational management of the Environmental Water Reserve as a key component of an integrated program of river, wetland, floodplain and aquifer restoration.

The *Public Administration Act 2004* (Vic) and the *Financial Management Act 1994* (Vic) together with the Mallee CMA's Board Charter of Corporate Governance, also provide guidance for the Mallee CMA in relation to its governance requirements.

The Mallee CMA Corporate Plan 2017-22 establishes four priorities and associated business objectives to form the organisation's strategic direction in delivering against these legislative obligations (see Table 1).

Table 1 | Mallee CMA 2017-22 strategic priorities and business objectives.

| Strategic Priorities | No. | Business Objectives |
|--|-----|--|
| Protecting and enhancing the region's natural, cultural and productive assets. | 1.1 | Implement and monitor the Mallee Regional Catchment Strategy 2013-19 by working collaboratively with partner agencies and the community to protect and enhance catchment health. |
| | 1.2 | Develop and/or review key NRM sub-strategies and action plans as required, in consultation with partner agencies and the community, to deliver protection and enhancement of high priority assets. |
| | 1.3 | Implement, monitor and report against NRM sub-strategies and action plans to deliver protection and enhancement of high priority assets. |
| | 1.4 | Administer and review regional investments in NRM from the Victorian and Australian Governments efficiently and effectively to deliver priority outcomes. |
| | 1.5 | Participate in the development of statewide NRM policy, strategy and priorities to support regional application |
| Supporting the development and implementation of water policy. | 2.1 | Support planning and implementation of the Basin Plan in a way that aligns with the Victorian Government's approach. |
| | 2.2 | Support implementation of the Victorian Water Plan to deliver environmental infrastructure projects, while providing for agricultural and urban users. |
| | 2.3 | Work with partner agencies and the community to implement the Murray-Darling Basin Authority's The Living Murray Program at Lindsay, Mulcra and Wallpolla Islands and Hattah Lakes. |
| Maintaining and, where required, further developing community capacity for natural resource management. | 3.1 | Engage and work collaboratively with stakeholders and the community in the planning and regional implementation of NRM activities. |
| | 3.2 | Maintain and enhance structures to foster ongoing engagement of stakeholders and the community to enhance NRM knowledge and skills. |
| | 3.3 | Incorporate Indigenous land and water aspirations into regional delivery by engaging Indigenous people in the planning and implementation of NRM activities. |
| | 3.4 | Develop and implement programs, which support land managers to respond to emerging threats and opportunities, including extreme climatic conditions. |
| Meeting the organisation's corporate and social responsibilities. | 4.1 | Statutory responsibilities delivered in line with the Mallee CMA's stated values and behaviours, and the Victorian Public Service Code of Conduct. |
| | 4.2 | Build cultural competence of staff and Board Members, in line with the Mallee CMA Cultural Competency Framework. |
| | 4.3 | Facilitate opportunities for cross-program (internal and external) cooperation and delivery. |
| | 4.4 | Develop and implement improved business management systems and processes to better support delivery of wider organisational objectives. |

Performance Reporting - Non-financial

Mallee CMA performance objectives, indicators and outputs

The key performance targets detailed in Table 2 outline the Mallee CMA's commitment to deliver on legislative requirements as detailed in the *Catchment and Land Protection Act 1994 Statement of Obligations*, issued in June 2007, and in the *Water Act 1989 Statement of Obligations*, issued in October 2006⁽¹⁾.

The targets to be reported against are in line with Victorian Government Guidelines for Catchment

Management Authority Corporate Plans (2015) that require each catchment management authority to measure its performance against the following categories:

- Business management and governance;
- Regional planning and co-ordination;
- Regional delivery; and
- Statutory functions under the *Water Act*.

The Mallee CMA's performance in each of these areas, along with the associated targets is provided in Table 2.



Blossoms from the air at Nangiloc.

⁽¹⁾ The Statement of Obligations for both the *Water Act 1989* (Vic) and the *CaLP Act 1994* (Vic) were re-issued in January 2018. These will be applied by the Mallee CMA's 2018-23 Corporate Plan and reported against in subsequent Annual Reports.

Table 2 | Mallee CMA achievements against performance areas and targets established by DELWP.

| Performance area | Performance target | Achievement commentary |
|--|--|---|
| Business management and governance | Submit annually, a Board performance assessment report according to any guidelines issued. | Submitted (August 2017) Fully compliant with guidelines |
| | A risk management strategy/plan approved by the Board and being implemented. | Reviewed (June 2018) Maintained (ongoing) |
| | One hundred per cent of the CMA's policies and procedures reviewed every three financial years. | 100% |
| | Full compliance with all applicable Standing Directions under the Financial Management Compliance Framework Checklist. | Full Compliance Achieved |
| Regional planning and co-ordination | A regional catchment strategy (RCS) approved by the minister. | Approved (May 2013) Reviewed (February 2017) Implementation (2013-2019) |
| | A stakeholder and community engagement framework/plan approved by the Board. | Approved (June 2013) Reviewed (September 2017) Implementation (2013-2019) |
| | A regional Landcare support plan approved by the Board. | Approved (October 2013) Implementation (2013-2018) |
| | A regional waterways strategy approved by the Minister. | Approved (October 2014) Mid-term review in progress (due for completion December 2018) Implementation (2014-2022) |
| | A regional floodplain strategy approved by the Board. | Approved (April 2018) Implementation (2018-28) |
| | Land and Water Management Plans (LWMP) in designated irrigation areas (or equivalent) approved by the Board. | Approved (July 2011) Reviewed (June 2017) Implementation (2011-2019) Renewal in progress (due for completion June 2019) |
| | The regional contribution to the annual report on salinity management activities and the allocation and update of salt disposal entitlements is submitted to the department by 31 July or as otherwise directed by the department. | Submitted (by 8 September 2017, as directed) |
| Regional delivery | Progress with implementation of the RCS (and its major sub- strategies) is reviewed by the Board annually. | Reviewed (July 2017) |
| | Projects/activities to implement the RCS are delivered and reported according to associated funding agreements. | 100% |
| | Projects/activities to implement the regional waterways strategy and the regional floodplain management strategy delivered and reported according to associated funding agreements. | 100% |
| | Projects/activities to implement the LWMP are delivered and reported according to associated funding agreements | 100% |
| Statutory functions under Part 10 of the <i>Water Act</i> | Ninety per cent of statutory requirements (permits, referrals, advice and licences) associated with waterway and floodplain management are responded to within the prescribed period. | 100% responded to within prescribed period (<20 working days) |
| Statutory functions under Part 11 of the <i>Water Act</i> | Ninety per cent of statutory requirements (permits, referrals, advice and licences) associated irrigation management are responded to within the prescribed period. | 100% responded to within prescribed period (<20 working days) |

Reporting progress towards Mallee CMA performance objectives, indicators and/or outputs (non-financial)

Performance measures to determine progress against the Mallee CMA's stated business objectives, together with the strategic priorities these objectives deliver against, are established by the board annually, and detailed within the organisation's Corporate Plan.

The Mallee CMA's achievement against each 2017-18 performance measure is reported in Table 3.

Table 3 | Report against performance measures established by the Mallee CMA.

| Strategic priority | Business objective/s supported | Performance measures | 2017-18 Achievement commentary |
|---|--------------------------------|---|---|
| Protecting and enhancing the region's natural, cultural and productive assets. | 1.1 1.3 1.4 | Annual progress against priority actions and objectives of the 2013-19 Mallee RCS and core sub strategies/plans (e.g. Mallee Waterway Strategy, Land and Water Management Plan, Landcare Support Strategy). | Percent of RCS long-term (20 year) objectives delivered against: 100% Percent of RCS strategic (6 year) actions delivered against: 93% |
| | 1.1 1.4 | Application of the RCS Monitoring, Evaluation, Reporting and Improvement (MERI) framework to guide adaptive management and continuous improvement. | Developed (2013) Reviewed (2017) Implementation (2013-19) |
| | 1.1 1.3 | Implement and review the RCS Implementation Plan to guide integrated and targeted delivery frameworks | Developed (2013) Reviewed (February 2017) Implementation (2013-2019) |
| | 1.2 | Development of NRM strategies and action plans in line with investor requirements and in consultation with regional stakeholders (e.g. Mallee Floodplain Management Strategy). | Environmental Watering Management Plans (12 reviewed/renewed over year) Mallee Dryland Agriculture Strategy (December 2017) Mallee Reconciliation Action Plan (February 2018) Mallee Floodplain Management Strategy (April 2018) Wimmera-Mallee Water Resource Plan (June 2018) Northern Murray Water Resource Plan commenced (due April 2019) Victorian Mallee Irrigation Region Land and Water Management Plan commenced (due July 2019). |
| | 1.4 | Completion of all projects to agreed budget, timelines and deliverables (i.e. outputs). | Percent delivered as per contracted requirements: 100% |
| | 1.4 | Funding applications developed to deliver against regional priorities and which meet Victorian and Australian Government investment requirements | Percent of funding applications successful: 71% (98% of requested funding allocated). |
| | 1.5 | Input into statewide NRM planning and review processes, and outcomes applied to regional delivery frameworks. | Number of statewide processes input provided to: 5 |
| Supporting the development and implementation of water policy. | 2.1 2.2 | Input into the planning process underpinning the implementation of the Basin Plan and the Victorian Water Plan supported via local, regional and state arrangements. | Number of forums represented on: 10 |
| | 2.2 2.3 | Planning, development and implementation of environmental infrastructure projects to deliver efficient and accountable use of environmental water and assist in the achievement of water recovery targets. | Number of projects: 9 |
| | 2.1 2.2 2.3 | Stakeholders and wider community engaged in the development and operation of environmental infrastructure projects. | Number of engagement events: 62 (674 participants) |

Continued...

Table 3 | Report against performance measures established by the Mallee CMA. *Continued...*

| Strategic priority | Business objective/s supported | Performance measures | 2017-18 Achievement commentary |
|---|--------------------------------|---|---|
| Maintaining and, where required, further developing community capacity for natural resource management | 3.1 3.2 3.3 | Activities aligned with the 2013-19 Mallee RCS Consultation and Engagement Framework (incorporating the Community Engagement and Partnerships Framework for Victorian CMAs). | Percent of priority actions delivered against: 100% |
| | 3.3 | Annual progress against priority actions and objectives of the <i>Mallee Indigenous Participation Plan</i> . | Percent of objectives delivered against: 98% Percent of priority actions delivered against: 93% |
| | 3.1 3.2 3.3 3.4 | Participant feedback on engagement activities and associated changes in capacity for NRM; as measured by the Targeted Community Capacity Monitoring Tool. | Percent of surveyed participants rating overall event delivery as 'excellent': 62% Average increase in 'awareness' reported by surveyed participants: 66% Average increase in 'skills' reported by surveyed participants: 12% |
| | 3.1 3.2 | Links to partner agencies and communities fostered through community and catchment partnership committees. | Number of community advisory committees facilitated: 2 Number of regional partnership committees facilitated: 4 |
| | 3.1 3.2 | Opportunities for knowledge and skill enhancement via volunteer organisations such as Landcare and Friends Of groups supported. | Number of events targeting community based NRM groups: 74 (1,186 participants) |
| | 3.4 | Support provided to State/Federal initiatives in response to emerging threats and/or opportunities (e.g. drought, flood, carbon markets). | Number of initiatives supported: 1 |
| Meeting the organisation's corporate and social responsibilities. | 4.1 | Core statutory/legislative requirements achieved by governance and operational activities; and conducted in line with the Mallee CMA's stated organisational values and behaviours. | 100% Compliance |
| | 4.2 | Annual progress against guiding principles of the Mallee CMA Cultural Competency Framework. | Percent of principles delivered against: 100% |
| | 4.2 | Projects/activities delivered through collaboration with external stakeholders and/or internal collaborations. | Number of partnerships established or maintained: 149 |
| | 4.4 | Business management systems developed and implemented to support improved corporate and operational processes. | Number of systems established or maintained: 11 |
| | 4.4 | ISO 9001:2015 certification monitored and maintained. | ISO certification: 2016 (valid for three years) Surveillance audit: November 2017 (certification maintained). |



Black Box at Hattah after watering event.

Initiatives and key achievements

Government programs and initiatives delivered against by the Mallee CMA in 2017-18, and the regional outcomes achieved through these are reported in Table 4.

Table 4 | Key achievements delivered under government programs/initiatives.

| Program/Initiative | Key 2017-18 achievements |
|-------------------------------------|--|
| Catchment Governance Program | <p>The Mallee CMA delivers against corporate and statutory functions set out under <i>Catchment and Land Protection Act 1994</i> through funding support provided by the Victorian Government. Key 2017-18 achievements have included:</p> <ul style="list-style-type: none"> • 11 Ordinary Board Meetings conducted and ongoing operation of associated sub-committees; including the audit committee (11 meetings) and remuneration committee (1 meeting). • Ongoing operation of the Land and Water Advisory Committee, maintaining a two-way communication channel between Board and members of the Victorian Mallee community (6 meetings). • 28 publications and 5 plans developed to support delivery against legislative obligations; including the 2016-17 Annual Report, 2018-23, Corporate Plan, and 2017-22 Diversity and Inclusion Plan in accordance with Government guidelines. • 8 formal partnerships maintained through regional and statewide forums to enhance collaboration in areas including occupational health and safety, catchment management, corporate services and regional investment planning. • 11 information and business management systems developed and/or maintained to support improved delivery and reporting of corporate and operational processes. |
| Victorian Landcare Program | <p>The Victorian Landcare Program is supported by the Mallee CMA, through funding from the Victorian Government. Key 2017-18 achievements have included:</p> <ul style="list-style-type: none"> • 29 regional Landcare groups provided with ongoing co-ordination and support. • 10 Landcare/community groups provided with devolved grants to support the delivery of local priorities. • Over 100,000 ha of on-ground works (i.e. pest plant and animal control) delivered for the protection and enhancement of priority local assets. • 356 Landcare members participating in 42 awareness raising/training events. • 59 publications developed and disseminated to promote Mallee Landcare and the Victorian Landcare Program. |
| Waterway Health Program | <p>Projects including the Regional Riparian Action Plan (RRAP), On-Ground Works, Water Statutory Functions, and Ramsar Management are supported by the Mallee CMA, through funding from the Victorian Government's Waterway Health Program. Key 2017-18 achievements have included:</p> <ul style="list-style-type: none"> • Ongoing delivery against the Mallee Riparian Action Plan (2015/16 - 2019/20); building on the Mallee Waterway Strategy (2014-22) by further targeting investment and accelerating improvement in the condition of riparian land for priority waterways. • 1,666 ha and 18 km of targeted on-ground works (e.g. revegetation, track rationalisation, pest plant and animal control, and exclusion fencing) delivered in partnership with land managers and local Landcare groups, addressing key threats to the region's priority riparian landscapes. Key outcomes included the treatment of 526 willow stands along the Murray River, with a 90% success rate; and 1,253 ha of targeted weed control to protect the ecological values of the Hattah Lakes Ramsar site. • Ongoing support for Citizen Science activities established a new bird monitoring volunteer group. In 2017/18 these 11 volunteers have undertaken monthly surveys of five priority wetland sites, with results recoded in the BirdLife Australia portal and incorporated into regional MER processes. • 22 publications disseminated and 93 events delivered (1,216 participants) to promote the region's riparian values and engage stakeholders in their management. This included the production of three short videos which have been viewed by over 25,000 people since their release via social media. • 81 approvals or formal advice provided in regards to floodplain management and works on waterways. |
| Environmental Water Program | <p>Projects including Environmental Watering Reserve Officers, Community Engagement and Shared Benefits are supported by the Mallee CMA, through funding from the Victorian Government's Environmental Water Program. Key 2017-18 achievements have included:</p> <ul style="list-style-type: none"> • 20 environmental watering delivery proposals/plans developed in consultation with land managers, community groups and other stakeholders; and 12 environmental water management plans updated. Data collected by 310 assessments (e.g. cultural, environmental, spatial and social) also informed the development of these plans. • 48 sites with changed water regimes, delivering some 121,390 ML of environmental water to 6,696 ha of priority waterways. This included the delivery of 112,000 ML to the Hattah Ramsar site over 119 days to inundate 5,300 ha of high value floodplain habitat, encompassing some 800 ha of Black Box woodlands that had not received water for the past 20 years. • 202 publications (audio, visual, written) disseminated and 82 events delivered (2,527 participants) to promote the region's waterway values and the shared benefits of environmental watering. This included over 130 social media posts and the application of new technologies (e.g. 360° video) to further extend the reach of key messages. |

Continued...

Table 4 | Key achievements delivered under government programs/initiatives. *Continued...*

| Program/Initiative | Key 2017-18 achievements |
|--|--|
| Our Catchments, Our Communities Program | <p>The Our Catchments, Our Communities Program is supported by the Mallee CMA, through funding from the Victorian Government. Key 2017-18 achievements have included:</p> <ul style="list-style-type: none"> • 26 engagement events delivered (251 participants), 8 publications disseminated and 11 formal partnerships established/maintained to facilitate stakeholder/community input into development and delivery of the Tyrrell Project; a community driven project that celebrates the unique social, cultural and environmental values of an iconic landscape. • 20 management agreements established with public and private land managers to facilitate the delivery of over 5,800 ha / 11 km of targeted on-ground works. This included the installation of a walking trail at Tchum Lake; 30 ha of revegetation to enhance habitat connectivity, and; 11 km of stock exclusion fencing, 2,704 ha of weed control, and 3,095 ha of pest animal control to protect priority habitat. • A further 20 events (132 participants) were facilitated and 8 formal partnership arrangements established/maintained to support delivery against broader state-wide priorities identified in the Our Catchments, Our Communities' Integrated Catchment Management Strategy. This included workshops with the Mallee Aboriginal Reference Group, the Land and Water Community Advisory Committee, and Catchment Partnership Committees (Biodiversity and Sustainable Agriculture) to engage members in the planning, implementation and evaluation of regional NRM activities. • A new Catchment Management Agreement (CPA) was also established to further strengthen coordination between key regional delivery partners. Mallee CMA, Lower Murray Water, Mildura Rural City Council, Trust for Nature, DELWP, and DEDJTR are signatories to the CPA. |
| Floodplain Management Program | <p>The Floodplain Management Program is supported by the Mallee CMA, through funding from the Victorian Government. Key 2017-18 achievements have included:</p> <ul style="list-style-type: none"> • Ongoing implementation of the Mallee Floodplain Management Strategy (FMS) Stakeholder Engagement and Communication Plan (including 5 publications disseminated, and 18 events delivered (156 participants) to promote development of the Mallee FMS and facilitate stakeholder feedback on consultation draft. • Ongoing support for the Project Steering Committee, with representation from key regional stakeholders to inform Strategy development. • Completion of the Mallee Floodplain Management Strategy 2018-28 in partnership with key stakeholders (Victorian government endorsement received in April 2018). |
| Sustainable Irrigation Program | <p>Implementation of the Victorian Mallee Irrigation Region Land and Water Management Plan project is supported by the Mallee CMA, through funding from the Victorian Government's Sustainable Irrigation Program. Key 2017-18 achievements have included:</p> <ul style="list-style-type: none"> • Ongoing delivery of Mallee Irrigation Incentives program in partnership with DEDJTR. These incentives supported 23 individual works projects, delivering: 131 ha of irrigation infrastructure upgrades; water use monitoring equipment across 63 ha; and irrigation drainage management plans for 41 ha, to achieve better on farm water use efficiency and thereby reduce groundwater accessions; • 19 formal partnerships established/maintained to support the development and delivery of sustainable irrigation activities in the Mallee Region. This included establishment and operation of a Project Steering Committee to lead the renewal of the Mallee Irrigation Region Land and Water Management Plan (due for completion June 2019). • 18 publications disseminated and 39 engagement events delivered (418 participants) to promote and/or report key 17/18 activities. Key outcomes included presentations on regional salinity issues and the BSM2030 annual report to the Murray Darling Basin Authority Forum and associated Independent Audit Group (IAG). • Completion of regional studies on urban salinity risk, and the 17/18 seasonal annual use limit (AUL) adjustment assessment. • Basin Salinity Management Advisory Panel acceptance of 3 accountable action reviews including Lamberts Swamp, Sunraysia Drying of the Drains and Psyche Bend Lagoon. |
| Natural Disaster Relief and Recovery (Flood Recovery) | <p>The Victorian Flood Recovery Program is supported by the Mallee CMA, through funding from the Victorian Government. Key 2017-18 achievements have included:</p> <ul style="list-style-type: none"> • Establishment of 3 permits (access agreements for environmental works) with land manager (Parks Victoria) and completion of 4 assessments (cultural heritage) to facilitate the future (18/19) delivery of on-ground works activities. |
| Threatened Species Initiative | <p>The Threatened Species Initiative is supported by the Mallee CMA, through funding from the Victorian Government to progress implementation of the Victorian Biodiversity Strategy. Key 2017-18 achievements have included:</p> <ul style="list-style-type: none"> • 9 plans developed, including detailed communication, MER, and implementation plans for each delivery landscape (Mallee Dunefields, Murray to Mallee Connections, and Northern Mallee Woodlands). • 39 assessments (cultural and ecological) undertaken to inform delivery and reporting of on-ground works. • 62 engagement events delivered (289 participants), 26 publications disseminated and 9 formal partnerships established/maintained to facilitate stakeholder/community input into development and delivery of project activities. This included workshops with three Mallee CMA advisory groups (Aboriginal Reference Group, Land and Water Advisory Committee, and Biodiversity Catchment Partnership Committee) and the Project Steering Committee to provide progress updates and seek feedback on future activities. • 15 management agreements established with public and private land managers to facilitate the delivery of over 438,705 ha / 7 km of targeted on-ground works. This included; 37 ha of revegetation to enhance habitat connectivity, and; 7 km of stock exclusion fencing, 91,782 ha of priority weed control, and 346,887 ha of pest animal control (rabbit, fox, feral goat, and feral pig) to protect priority threatened species/communities from key threatening processes. |

Continued...

Table 4 | Key achievements delivered under government programs/initiatives. *Continued...*

| Program/Initiative | Key 2017-18 achievements |
|--|--|
| Mallee Salinity Investment Plan | <p>Key achievements delivered by projects funded from the Salinity Offsetting Charges, the 50 cent Salinity Levy and the Salinity Offset Levy, (collected specifically to offset salinity impact of irrigation development from Nyah to the South Australian Border) included:</p> <ul style="list-style-type: none"> Ongoing delivery of the Mallee Irrigation Incentives program in partnership with DEDJTR. In 2017/18 these incentives supported 29 individual works projects; delivering: 145 ha of irrigation system upgrades; 637 ha of systems checks; water use monitoring equipment installed across 133 ha; and irrigation drainage management plans developed for 24 ha; for salinity benefits (i.e. reduced irrigation recharge/salt loads to the Murray River). Removal of the 50 cent salinity levy established 25 years ago under the Nyah to SA Border Salinity Management Plan to improve irrigation management and reduce the impact of salinity. This levy has provided irrigation incentives to over 200 properties since commencing and its removal recognises the widespread adoption of modern, best practice practices in the region. The Salinity Offset levy remains unchanged. 10 formal partnerships established/maintained to facilitate stakeholder input into the development, delivery and evaluation of program activities. This includes ongoing operation of the Salinity Accountability Advisory Committee (SAAC). 531 bores monitored (continuously, quarterly, biannually or annually) for salinity and groundwater level data as part of the Mallee Groundwater Monitoring Program to track changes to groundwater levels, salinity concentrations and salt loads across the region. 19 irrigation drainage sites and 3 in-stream river sites monitored for salinity and flow data to inform salinity impact assessments. 33 engagement events delivered (717 participants) and 35 publications developed/disseminated to promote and/or report key activities. In 17/18 a key focus has been on re-building community awareness, understanding and commitment to the salinity management framework. Key regional studies have also been progressed and reported including (Model refinement to improve the estimation of salinity impacts from irrigation and application of satellite imagery and Mallee climate information to derive water use requirements and root zone drainage for almonds, citrus and vine grapes in the Victorian Mallee). |
| Murray-Darling Basin Plan | <p>The Sustainable Diversion Limit (SDL) works program is funded by the Commonwealth Department of Agriculture and Water Resources. Key 2017-18 achievements included:</p> <ul style="list-style-type: none"> Progressing concept designs and approvals associated with each of the (SDL) Program's 7 sites in the Mallee (Lindsay Island, Wallpolla Island, Hattah Lakes Stage 2, Belsar Island, Burra Creek, Nyah and Vinifera). This has included the completion of 8 fish management plans (7 sites and 1 regional) and 2 cultural heritage management plans (Hattah North and Lindsay Island), and 2 advanced concept design reports (Belsar Yungera and Nyah Vinifera). <p>The Living Murray (TLM) is a joint initiative funded by the New South Wales, Victorian, South Australian, Australian Capital Territory and Commonwealth governments, co-ordinated by the Murray Darling Basin Authority. Key 2017-18 achievements included:</p> <ul style="list-style-type: none"> 10 management plans developed. These included detailed watering proposals, monitoring plans, and implementation plans for the two TLM Icon Sites (Lindsay-Mulcra-Wallpolla; and Hattah Lakes). 33 flora and fauna assessments undertaken to support ongoing monitoring of the impacts of TLM investment over time on both threat mitigation (short-term) and resource condition (long-term). Key activities included ongoing monitoring of fish movement, woodland and water bird species, and vegetation health within the two Icon Sites. Findings from these assessments were reported through 20 written publications. <p>Collectively, the SDL and TLM programs delivered 53 events (476 participants) to engage regional stakeholders and the wider community members in the planning, development and implementation of environmental infrastructure projects. This included presentations, field trips, and workshops with a broad range of stakeholder groups (e.g. Traditional Owners, irrigators, water authorities, water traders, local government, community NRM groups, and environmental water holders).</p> |
| National Landcare Program | <p>Projects including; Supporting the Protection of Values for the Hattah Lakes Ramsar Site, Safeguarding the Mallee Land Resource, Building Capacity to Close the Gap, Working in Partnership to Secure Nationally Significant Ecosystems and Species, and the Regional Landcare Facilitator are supported by the Mallee CMA, through funding provided by the Australian Government's National Landcare Program. Key 2017-18 achievements included:</p> <ul style="list-style-type: none"> 35,433 ha of invasive species management undertaken to protect key ecological attributes of the Hattah-Kulkyne Lakes Ramsar site and enhance outcomes achieved by the 17/18 environmental watering program. This included continuation of innovative feral cat and fox control programs. 65,492 ha of invasive species management, 105 ha of biodiverse plantings, and 17 km of stock exclusion fencing delivered in partnership with land managers (public and private) and community groups; addressing key threats posed to critical habitat for nationally significant threatened species and communities. This included the establishment of 36 management agreements with private land managers and Landcare groups. Continued, effective function of the Mallee CMA Aboriginal Reference Group in fostering communications with Aboriginal stakeholders and providing input into regional initiatives and plans. Implementation of the Mallee Indigenous Participation Plan to support Indigenous NRM aspirations; and facilitate increased involvement in the planning and implementation of regional projects. This was further complemented by the development of a Reconciliation Action Plan. 10 on-ground demonstration sites for the identification, validation and promotion of improved land management practices, facilitating practice change at a scale that will directly address key regional threats (e.g. soil erosion). 23 management agreements established with dryland farmers to implement targeted works which address key threats to the region's agricultural soils asset. Associated cost sharing 'grants' provided for the delivery of 26 stock containment areas, the reclamation of 26 dunes, and the establishment of 95 ha of saltbush for salinity discharge management. 61 publications disseminated and 122 events delivered (1,661 participants) to promote and inform regional delivery against National Landcare Program priorities (i.e. Ramsar values, nationally significant threatened species and communities, sustainable agriculture, and Indigenous participation in NRM). 239 assessments undertaken to support ongoing monitoring of the impacts of investment over time on both threat mitigation (short-term) and resource condition (long-term). This included application of the Mallee CMA Community Capacity Monitoring Framework to quantify the impact of delivery on target audience's capacity NRM. |

Condition and Management Report

Overview

Background

This condition and management report for 2017-18 aims to fulfil the Mallee CMA's annual reporting requirements as outlined in Section 19B of the CaLP Act 1994, which states that: Each Authority must submit to the Minister each year, a report on the condition and management of land and water resources in its region and the carrying out of its functions.

The report provides an assessment of the condition of the region's environment and a reflection on the likely impact of annual scale actions, events and observed

change. A key purpose of monitoring catchment condition and annual progress against management priorities is to help identify opportunities for adapting and changing the way we manage the environment.

Condition and management is reported against five headline themes to align with Regional Asset classes identified by the Mallee RCS 2013-19. Further detail on these is provided in Table 5.

An overview of any key events (e.g. climatic, policy changes) that occurred in 2017-18 that may have influenced the management and/or condition of our regional assets is also provided within this report.

Table 5 | Headline theme, regional asset and definition.

| Headline theme | RCS Regional Asset | Definition |
|----------------|------------------------------------|---|
| Waterways | Rivers | Rivers, streams, their tributaries, and surrounding riparian land (including the floodplain). |
| | Wetlands | Individual wetlands, wetland complexes, and their associated floodplain ecosystems (including groundwater dependent ecosystems and the groundwater flow systems and aquifers they are reliant on). |
| Biodiversity | Threatened species and communities | Populations of threatened or significant species; occurrences of threatened communities. |
| | Terrestrial habitat | Individual ecological classes or spatial occurrences of ecological vegetation classes based on their intrinsic value to their contribution to landscape processes (e.g. connectivity, refugia, buffering etc.). |
| Land | Soils | All soils regardless of their tenure and type of land system to which they are subject. |
| | Agricultural land | All parts of the landscape that have been developed for the purpose of agricultural production. |
| | Groundwater | Groundwater resources that are utilised for human use such as irrigation or stock and domestic water supply. |
| Community | Community capacity for NRM | The inherent knowledge, understanding and willingness that the community has for effective and sustainable natural resource management. |
| | Culture and heritage | Locations that have recognised cultural, historical or spiritual significance to all or part of the Mallee and/or Australian community. |

Key Events and Insights

Climate

Annual climatic conditions can have a significant impact on both the condition and management of regional assets. In 2017-18 the Mallee region experienced 'average'

rainfall over the cooler months (April to November) (Figure 3) and 'average' to 'below average' in the warmer period (October to April) (Figure 4). This was following above average rainfall events in the previous (2016-17) year, which resulted in widespread flooding and caused localised damage to crops and infrastructure (e.g. roads).

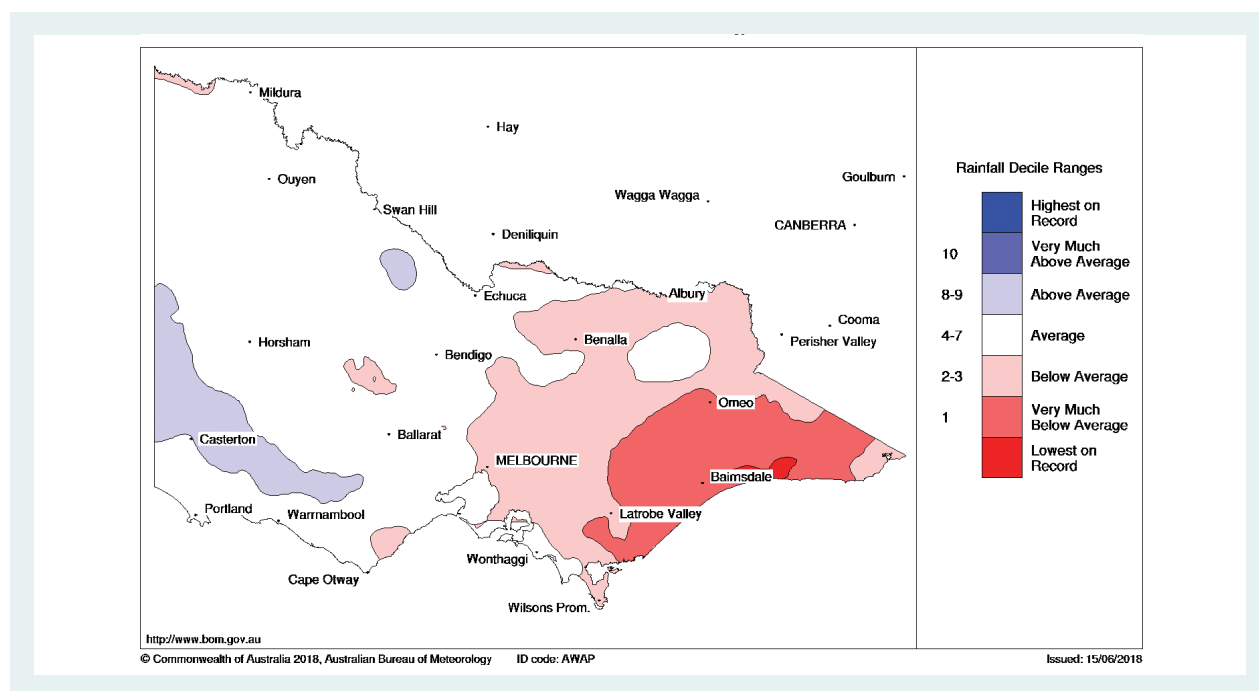


Figure 3 | Victorian Rainfall Deciles 1 April 2017 to 30 November 2017 (Source: Australian Bureau of Meteorology).

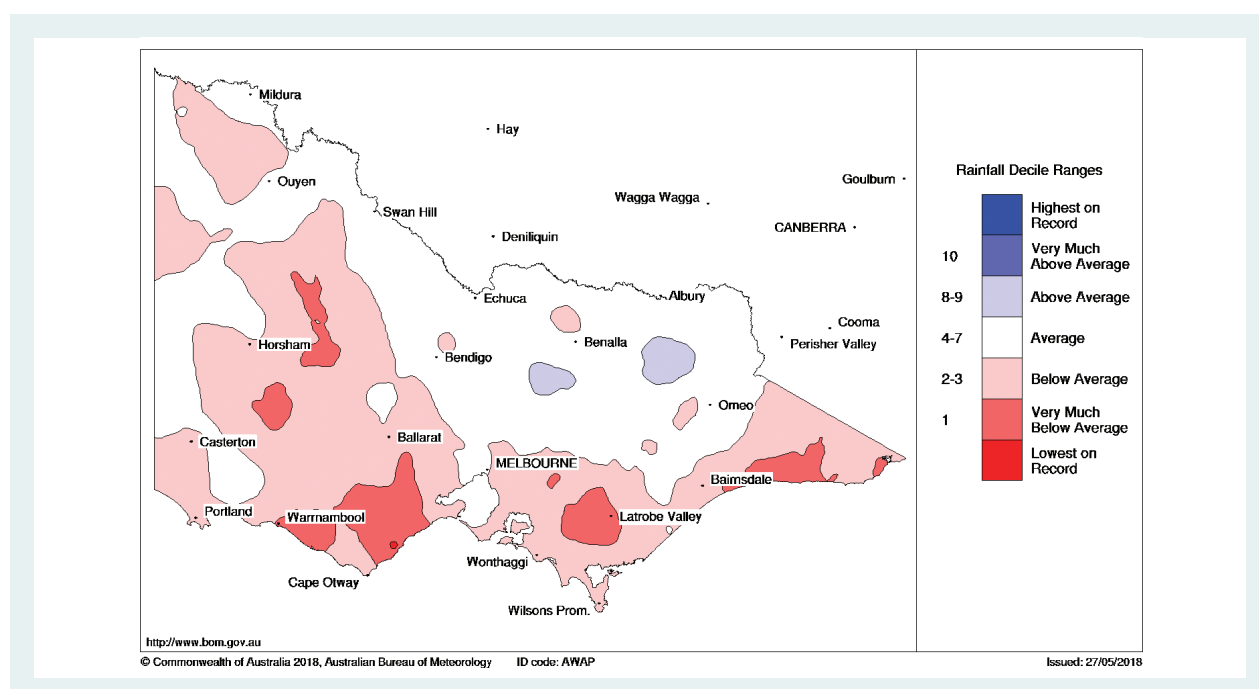


Figure 4 | Victorian Rainfall Deciles 1 October 2017 to 30 April 2018 (Source: Australian Bureau of Meteorology).

Key climatic events experienced throughout 2017-18 included:

- In spring, widespread frosts at the end of October into early November significantly reduced yields of many dryland crops.
- In summer, temperatures were above average with Walpeup experiencing 14 consecutive days over 35 °C in January, breaking the previous record set in March 2008. Rainfall was also well below average.
- In autumn, rainfall remained low and Mildura recorded the highest temperature on record for April (39.3 °C). Records were also set for persistence of abnormal April heat. Most significantly, Mildura, Ouyen and Walpeup all had four consecutive days of 35 °C or above from 8 to 11 April 2018. No Victorian site had previously had more than two consecutive 35 °C days in April.
- Water inflows to the key Murray and Goulburn Water storages were average which ensured good availability of water for consumptive and environmental water uses.
- Water allocations for high reliability water shares on the Murray system received 100% allocation on 2 October 2017.

Delivery Partnerships

Over 650,000 ha of targeted environmental works were undertaken in 2017-18 to protect the region's priority natural, cultural and productive landscapes. This represents a significant increase on recent years (i.e. a 500,000 ha/33% increase from 2016-17); with 438,705 ha of pest animal and weed control delivered as a result of funding provided by the Victorian Government's Threatened Species Initiative, representing most of this additional works area.

Effective partnerships with our community are integral to the success of these on-ground activities. In 2017-18 this included the provision of 181 individual funding grants to both community groups (40) and private land managers (141).

Community engagement and capacity building approaches also continued to be well supported. In 2017-18 this resulted in some 8,900 stakeholders participating in 660 individual events. Evaluation of these activities identified that 62% of surveyed participants rated the overall delivery of events as 'excellent', and a further 30% as 'good'. Participants also reported a 66% (average) increase in their awareness of specific NRM issues, and a 12% (average) increase in skills to address specific threat processes.

Planning for these delivery partnerships and engagement activities continues to be informed and enhanced by advice received from regional stakeholders through forums such as the Mallee CMA's Aboriginal Reference Group, Land and Water Community Advisory Committee, and Catchment Partnership Committees. In 2017-18 this framework was enhanced by the establishment of a Mallee Catchment Partnership Agreement, delivering

on a key action of the Victorian Government's Our Catchments, Our Communities - Integrated Catchment Management in Victoria (2016-19).

Seven key regional organisations are signatories to the Mallee Catchment Partnership Agreement; spanning local government, water corporations, State Government departments/agencies, and non-governmental organisations.

These organisations have met regularly throughout 2017-18 to progress their shared commitment of:

- Strengthening coordination, collaboration and accountability;
- Reducing duplication; and
- Providing clarity on roles and responsibilities between key catchment management partners.

Strong partnerships between the Mallee CMA, Lower Murray Water and the Department of Environment, Land, Water and Planning are also continuing to improve salinity management in the Mallee, as part of delivering against Action 4.8 of the Victorian Government's Water for Victoria policy. In 2017-18 this included:

- Proactively progressing an independent review of the salinity charging process, which is on track for completion in 2019;
- Reviewing the policies for the High Impact Zone (HIZ) for salinity management within the region to ensure these regulations support modernisation of the Sunraysia Irrigation Districts; and
- Investing revenue from salinity charges to update our knowledge of the Victorian Mallee salinity impacts and the cost of offsets, consistent with Basin Salinity Management 2030.

Strategic Framework

Finalisation and release of key regional strategic documents in 2017-18 included:

- Mallee Floodplain Management Strategy (2018-28);
- Mallee Dryland Sustainable Agriculture Strategy (2017-23);
- Mallee CMA Innovate Reconciliation Action Plan (2017-19); and
- Mallee CMA Diversity and Inclusion Plan (2017-22)

Each of which represent ongoing advances in the planning, delivery and evaluation of both NRM and governance (i.e. organisational) focused activities.

Management

The RCS (2013-19) sets 20 year objectives and six-year strategic actions for each Regional Asset class to inform and direct the planning, implementation, evaluation and reporting of NRM activities in the Mallee. The management assessment sections of this report summarise annual (2017-18) progress against these strategic actions.

The RCS also provides a framework for strategic action to support integrated and targeted efforts of the region's land managers, government agencies and community groups. The overall extent and distribution of 2017-18 management actions delivered within the region's priority landscapes (Catchment Assets) under each headline theme is illustrated spatially in Figure 5.

Detail on the specific activity types these actions represent and their contribution to regional priorities is provided in the following sections. A summary of the RCS sub-strategy that each activity type was delivered under is also provided in Appendix 2.

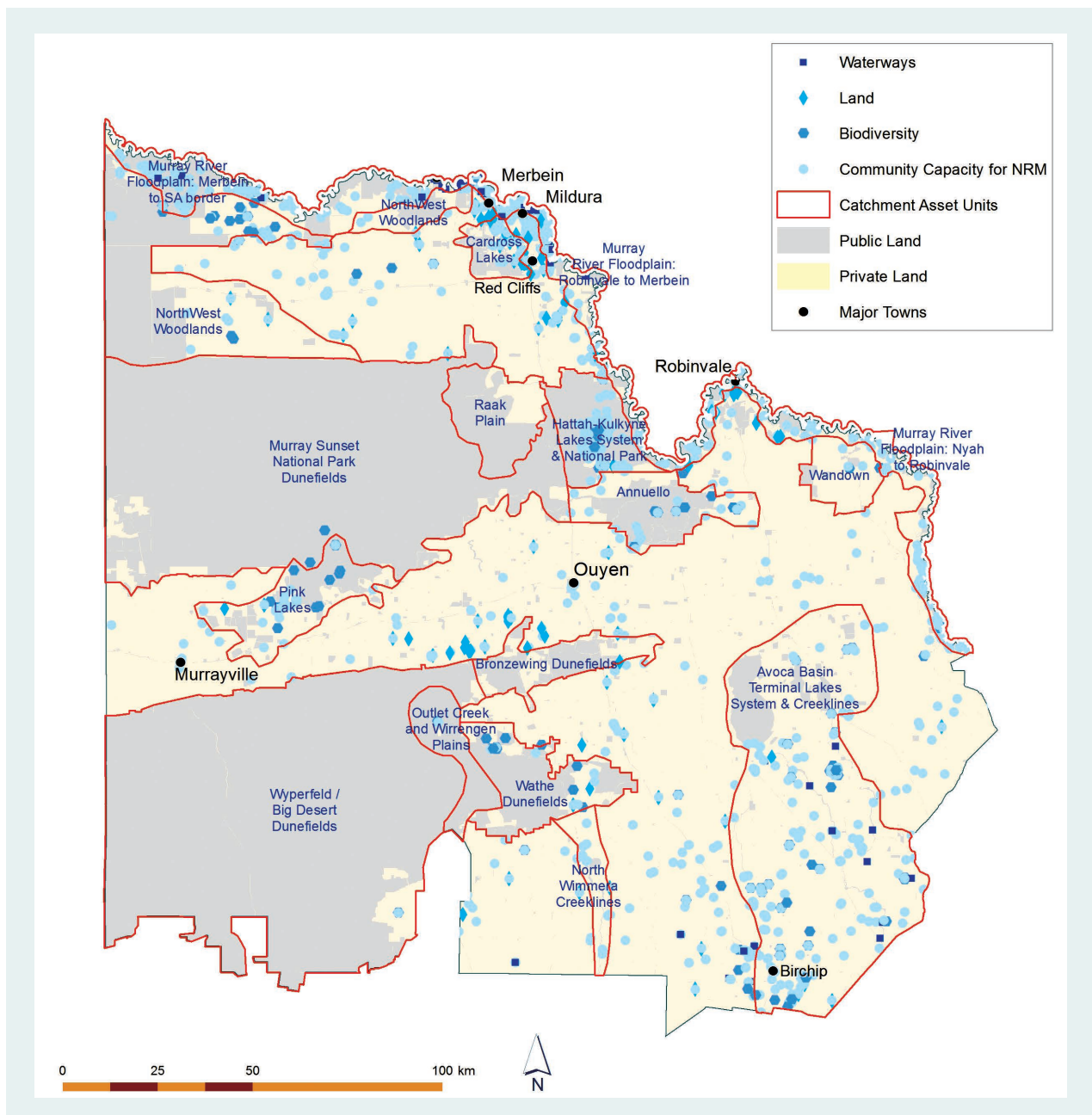


Figure 5 | Spatial distribution of management actions (outputs) delivered in 2017-18 under each of the RCS headline themes.

As illustrated by Table 6, a large proportion of 2017-18 on-ground management activity was delivered within the region's priority landscapes. Ongoing application of this approach is ensuring the efficient and effective application

of NRM investment in the region. The integrated nature of NRM delivery in the Mallee also means that actions delivered under one theme often achieve benefits across multiple asset types within the same landscape.

Table 6 | Proportion (%) of 2017-18 on-ground outputs delivered within each of the RCS's priority landscapes (Catchment Assets).





| Output type | % Delivered in priority landscapes | % Delivered outside priority landscapes |
|---------------------|------------------------------------|---|
| Pest Animal Control | 97% | 3% |
| Weed Control | 98% | 2% |
| Water Regime | 100% | - |
| Revegetation | 75% | 25% |
| Road | 88% | 12% |
| Fence | 88% | 12% |
| Visitor Facility | 100% | - |

Catchment Condition

The catchment condition assessment for each theme describes the level of confidence or concern that catchment managers have about the future of the regional environment. The assessment is based on available















science and expert advice as well as evidence gained during the preceding year and uses the criteria detailed in Table 7. 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.

Table 7 | Assessment criteria for annual reporting.

| Assessment criteria | | |
|---------------------|---|---|
| 1. Positive |  | An optimistic future with evidence that events during the year will have a positive impact on the longer term. |
| 2. Neutral |  | 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. |
| 3. Concerned |  | A level of concern that significant events during the year may have an adverse impact in the longer term. |
| 4. Highly concerned |  | A high level of concern that significant events during the year are likely to have an adverse impact in the longer term. |

A summary of 2017-18 condition assessments for each of the RCS Regional Asset classes is provided in Table 8. Further detail on the evidence that informed these assessments is provided in the following sections.

Table 8 | Summary of 2017-18 condition assessment for each of the Mallee RCS (2013-19) Regional Asset classes and associated evidence base.

| Headline Theme | Regional Assets | Assessment | | Summary of 2017-18 key evidence |
|----------------|------------------------------------|---|---|--|
| | | Previous 3 Year | 2017-18 Condition | |
| Waterways | River & Wetlands |  |  | <p>Significant areas of inundation achieved through environmental watering (48 sites x 6,696 ha in 2017-18) is having a demonstrable impact on waterway connectivity (e.g. increased fish movement) and both aquatic and riparian habitat condition (e.g. enhanced vegetation communities and waterbird diversity).</p> <p>Over 43,000 ha of targeted threat mitigation works (e.g. invasive plant and animal management) delivered in 2017-18 to further secure environmental outcomes achieved by recent watering events, and to protect priority riparian landscapes.</p> <p>Site based monitoring has identified reductions in threat incidence/impact and associated improvements in condition measures (e.g. native flora regeneration) resulting from these works.</p> |
| | Threatened Species and Communities |  |  | <p>Evidence of an increase in population numbers/distribution of threatened flora and fauna species experiencing favourable conditions in 2017-18 (e.g. environmental watering).</p> <p>While dryland areas experienced below average rainfall and extreme temperatures in 2017-18, some evidence to support the expectation that the significant area of threat mitigation works undertaken in 2017-18 (i.e. over 500,000 ha) will provide a basis for future improvements should favourable climatic conditions occur.</p> |
| Biodiversity | Terrestrial Habitat |  |  | <p>Significant area of targeted works undertaken in 2017-18 to protect and enhance priority habitat (> 55,000 ha); with the 500,000 ha of works targeting threatened species/communities also expected to benefit the terrestrial habitat they were delivered in.</p> <p>Evidence of changes in the incidence of key threatening processes resulting from 2017-18 works programs. This included reductions in rabbit populations to an average of 0.5 per ha (significantly below the threshold required to support regeneration), and quantified decreases in extent and density of target weed species.</p> <p>Evidence of condition improvements as a result of these threat mitigation actions. This included improvements in habitat condition once grazing was removed (i.e. stock exclusion fencing); and evidence of ecological functionality returning to revegetated sites.</p> |
| | Dryland Agriculture |  |  | <p>On average 97% of the region exceeded 50% groundcover (target) throughout 2017-18, with majority of dryland farmers continuing to implement practices that reduce the risk and incidence of soil erosion.</p> <p>Some spatial variability evident in 2017-18 management practices and associated erosion risk however. Northern 'Millewa' land system recorded an increase in conventional fallow practices; with 70% of sites having 50% or less vegetation cover; and 40% of these estimated to have a medium or high erosion risk.</p> <p>Expect that while the very dry summer and autumn period experienced by the region in 2017-18 contributed to this result, further work is required to support farmers in the northern Mallee implement best practice as their soils types are inherently more susceptible to soil erosion.</p> |
| Land | Irrigated Agriculture |  |  | <p>Increased adoption of best management practice by irrigators achieved an estimated 2,770 tonne/year reduction in salt loads to the Murray River and significant improvements in on farm water use efficiency.</p> <p>Long-term observed downward trends in drainage outfalls to the Murray River and its environs, and groundwater mounds beneath the older irrigation areas, continued in 2017-18.</p> <p>Metered extraction within the Murrayville WSPA was 55% of the licenced volume in 2017, a 3% decrease from 2016. The groundwater aquifer continued to respond (i.e. recover) as expected under this level of extraction. Salinity levels also remained stable in 2017.</p> |
| | Community Capacity for NRM |  |  | <p>Significant number (8,905) of stakeholders and broader community members participating in 2017-18 awareness, skill development and collaboration events.</p> <p>Evaluations identified a high level of participant satisfaction in regards to the delivery of these events.</p> <p>Improvements in capacity being reported by stakeholders engaged through incentive/grants programs; and by those participating in community advisory/reference groups.</p> |
| Community | Culture and Heritage |  |  | <p>8 Cultural Heritage Management Plans (CHMP) approved and lodged with Aboriginal Victoria in 2017-18, covering 20,188 ha.</p> <p>143 additional Aboriginal features identified in 2017-18 and registered on ACHRIS, bringing the total number of sites to 5,834.</p> <p>10 additional non-Indigenous heritage sites registered, bringing the total number of sites to 536.</p> <p>Evidence of resources being allocated for the maintenance and restoration of these sites.</p> |

Waterways

The Mallee contains some 1,600 km of rivers/creeks and over 900 wetlands. Many of these waterways have been recognised as nationally and internationally important for the environmental, social, cultural and economic values they provide. This includes one Ramsar site (Hattah-Kulkyne Lakes); one Heritage River (Outlet Creek and Wirrengren Plain section of Wimmera River); and 16 sites listed on the Directory of Important Wetlands, Australia (e.g. Lindsay Island, Belsar Island, Kings Billabong, Lake Tyrrell and Raak Plain).

the Mallee's watercourses, wetlands, and associated riparian ecosystems and, in turn, the social, economic and environmental services that they provide to the community.'

Table 9 summarises the key activities that contributed to the RCS's six-year strategic actions for Waterway assets in 2017-18. Regional stakeholders engaged in the planning and delivery of these waterway related actions included Mallee CMA, DELWP, Parks Victoria, water authorities, local government, Landcare and other community-based NRM groups, members of the Indigenous community, and private land managers.

Waterways Management

The RCS sets the long-term (20 year) objective for River and Wetland management in the Mallee as being 'to protect and enhance the environmental values of

Table 9 | Progress against RCS Strategic Actions for Waterways.

| Strategic (6 Yr) Actions | 2017-18 Progress |
|--|---|
| 1.1.1. Review the Mallee River Health Strategy, and the Mallee Wetland Strategy; and develop and implement the Mallee Regional Waterway Strategy.¹ | Significant progress made against Mallee Waterway Strategy 2014-22 (MWS) targets, including: <ul style="list-style-type: none"> • 9 waterway structures installed/modified (e.g. regulators, culverts, and carp screens). • 18 earth works (levees) maintained. • 48 sites receiving environmental water (121,390 ML), covering 6,696 ha. • 32 ha of native (indigenous) vegetation established. • 6 terrestrial features installed (i.e. natural ground features). • 25 km of fencing/bollards installed. • 8,149 ha of weed control (primarily woody weeds). • 34,748 ha of pest animal control (primarily rabbits but also includes goats, foxes and cats). • All on-ground works delivered on waterways identified as a priority by the MWS. Mid-term review of the MWS commenced in 2017-18, due for completion by December 2018. Ongoing application of the Regional Riparian Action Plan 2015-20 (RRAP), a Victorian Government initiative, has accelerated on-ground riparian management works to improve the health of riparian land. |
| 1.1.2. Review, update and implement the Mallee Floodplain Management Plan. | Mallee Floodplain Management Strategy completed (April 2018) in partnership with key stakeholders. Funding secured to support implementation from 2018-19. |
| 1.1.3. Continue to implement actions from the Northern and Western Region Sustainable Water Strategies that apply to Mallee rivers and riparian ecosystems. | Ongoing delivery against relevant actions assumed (not actively monitored or reported at regional scale). |
| 1.1.4. Support the development and implementation of Water Resource Plans for the Wimmera-Mallee and Victorian Mallee areas. | Wimmera-Mallee Water Resource Plan completed June 2018. Northern Murray Water Resource Plan development commenced. |

¹ Appendix 2 details all outputs delivered under the Mallee Waterway Strategy in 2017-18.

Case Study

WATERING FOR THE FUTURE

The largest environmental watering event ever undertaken at Hattah Lakes was achieved in 2017-18, delivering 110 gigalitres over 121 days, reaching around 5,300 hectares of floodplain including black box within the Hattah-Kulkyne National Park.

Black box trees grow on higher sections of the floodplain, further from the Murray River. For at least 800 ha of the 5,300 ha reached, this was the first time in more than 30 years these trees had received water. These trees provide vital habitat and food sources for a multitude of species including birds, bats and reptiles, which all depend on this ecosystem for survival.

The watering was targeted and effective, which was made possible through the use of the permanent environmental infrastructure (pumps, regulators) that works in tandem with the natural features of the landscape to direct water to high-priority areas.

The water was pumped from the Murray River into the lakes via Chalka Creek. Once the water had reached the right height, for the correct duration, to deliver environmental outcomes, about half of the water was released back into the Murray River, allowing fish and aquatic insects to move from the Hattah Lakes to the Murray River.

The benefits from this watering event are obvious to see, with new growth visible on trees and an abundance of birds and animals now thriving. Environmental watering will support this ecosystem to return to more natural periods of wet and dry times, which will help protect this iconic site for generations to come.

Take a closer look at the watering event here
<https://www.youtube.com/watch?v=hWa30kdP45M>



Black box trees receiving environmental water at Hattah in 2017. Credit: Mallee CMA

Waterways Condition

The Waterways theme reports on the condition of both Rivers and Wetlands in the Mallee. As per the RCS mid-term review recommendation, consideration of these assets has been combined under the one headline theme.

Rivers Benchmark

Periodic assessments on the condition of Mallee waterways are conducted as part of the state-wide Index of Stream Condition (ISC) and Index of Wetland Condition (IWC) monitoring programs.

River/stream condition is measured by the ISC measures condition according to five sub-indices (hydrology, physical form, streamside zone, water quality and aquatic life) that contain 23 key indicators, to provide a summary of the extent of change from natural or ideal conditions.

Assessments of river condition using the ISC were first conducted in 1999 and again in 2004 and 2010. In general, this monitoring has identified that no major changes have occurred to the condition of these waterways over this timeframe. Therefore, while no general improvement was detected, overall deterioration appears to have been controlled².

This is an encouraging result given that the data collected in the third assessment period coincided with the end of the severe Millennium drought in south-eastern Australia. It is assumed that the targeted threat mitigation actions undertaken in the region over this period played an important role in minimising the impact of the drought, and that they should assist with future improvements in condition under favourable climatic conditions.

The most recent (2010) ISC monitoring assessed 73 individual reaches in the region, with 4% of stream length identified as being in moderate condition and the remaining as being in poor (64%) or very poor (32%) condition.

A full report on Index of Stream Condition results is available at <http://www.depi.vic.gov.au/water/water-resource-reporting/Third-Index-of-Stream-Condition-report>.

Wetlands Benchmark

Wetland condition is assessed by the IWC according to six sub-indices (wetland catchment, hydrology, water properties, soils, biota, and physical form) that comprise 16 different measures. Monitoring is designed to identify significant changes in wetland condition from a theoretical reference condition (i.e. unmodified by human impacts associated with European settlement).



The IWC was applied in the Mallee between spring 2009 and autumn 2010 following a period of extended drought. Monitoring was conducted on 79 wetlands which were considered to be of high conservation value and a priority for management. Over half (53%) of the assessed wetlands were identified as being in good or excellent condition, 42% as being in moderate condition, and only 5% as being in poor or very poor condition.

It is also noted that although a high number of wetlands were assessed as being in good condition, there was a high level of variation evident in condition at the sub-index level. For example, 89% of wetlands were identified as having poor or very poor hydrology condition, while 96% had good to excellent physical form³.

Waterways Assessment 2017-18

Summary of assessment

Both long term and annual site based assessments of regional waterway assets generally indicate a condition trend of stable to improving; with evidence that management actions undertaken in 2017-18 will have a positive impact in the longer term.

| Assessment | Summary of 2017-18 Evidence |
|---|---|
| 2017-18 Condition  | <p>Significant areas of inundation achieved through environmental watering (48 sites x 6,696 ha in 2017-18) is having a demonstrable impact on waterway connectivity (e.g. increased fish movement) and both aquatic and riparian habitat condition (e.g. enhanced vegetation communities and waterbird diversity).</p> |
| Previous 3 Year  | <p>Over 43,000 ha of targeted threat mitigation works (e.g. invasive plant and animal management) delivered in 2017-18 to further secure environmental outcomes achieved by recent watering events, and to protect priority riparian landscapes.</p> <p>Site based monitoring has identified reductions in threat incidence/impact and associated improvements in condition measures (e.g. native flora regeneration) resulting from these works.</p> |

Reasons for assessment

Site-based assessments (both ongoing and annual) have identified improvements in the health of landscapes and associated species/communities where both environmental water and targeted threat mitigation activities are being delivered.

Environmental watering activities undertaken in 2017-18 continue to deliver habitat enhancement and waterway connectivity outcomes as demonstrated by:

- Long-term monitoring (2006 to 2018) being conducted at the Hattah Lakes⁴ and Lindsay-Mulcra-Wallpolla⁵ Icon sites which identified that several measured indicators of environmental condition (i.e. River Red Gum, Black Box, wetland and floodplain vegetation, lignum, cumbungi, fish and waterbirds) have improved significantly as a result of water application and

² Department of Environment and Primary Industries (2013), *Index of Stream Condition: The third benchmark of Victorian river condition*

³ Papas, P and Maloney, P (2012); *Victoria's wetlands (2009- 2011): state wide assessments and condition monitoring*.

⁴ Wood D, Romanin L, Brown P, Loyn R, McKillop T, Cheers G (2018) *The Living Murray: Annual condition monitoring at Hattah Lakes Icon Site 2017-18. Part A. Draft Report* prepared for the Mallee Catchment Management Authority by the School of Life Sciences Albury-Wodonga and Mildura, SLS Publication 186/2018, June.

⁵ Wood D, Romanin L, Brown P, Loyn R, McKillop T, Cheers G (2018) *The Living Murray: Annual condition monitoring at Lindsay-Mulcra-Wallpolla Icon Site 2017-18. Part A. Draft Report* prepared for the Mallee Catchment Management Authority by the School of Life Sciences Albury-Wodonga and Mildura, SLS Publication 185/2018, June.

associated works programs. Furthermore, the stated ecological objectives (condition targets) for each of these indicators were either fully or partially achieved in 2017-18.

- Two threatened plant species recorded at Hattah lakes for the first time, an outcome which is largely attributed to the magnitude of the most recent flood event. Specifically: a population of 200+ plants of Slender Spurge, a species that has not been recorded in Victoria since 1982; and a population of around ten plants of Winged Plains-bush which represents a discovery of the first *Pluchea* species for Victoria and a massive range extension for the species (over 500 km)⁶.
- Several monitoring sites recording relatively high native fish numbers compared to previous surveys and reductions in non-native species such as common carp. It is also noted however that non-native species still comprise a large proportion of overall populations.
- Monitoring the movement of large bodied fish between the Murray River and waterways connected via 2017-18 environmental watering events identified that target fish species (Golden perch) exited the Hattah Lakes system back to the Murray River during the drawdown phase of the 2017 environmental watering event (i.e. once regulators were opened and water from the lakes flowed back to the river). Conversely, no tagged Carp exited the Lakes during drawdown, supporting the regions approach to managing this invasive species. Specifically, that Carp recruiting to the Lakes will largely remain through pumped filling events and can be removed as part of the drying cycle (i.e. stranding and dying)⁷. Similarly, since construction/operation of the Mullaroo inlet regulator and subsequent changes in flow patterns, the likelihood of Murray Cod and Catfish moving between the Murray River and the Lindsay/Mullaroo anabranch has increased; while the movement of Carp into the anabranch system has been dramatically reduced⁸.

While the majority of the region's 'comprehensive' environmental watering monitoring programs are focused on the two TLM sites (Hattah and Lindsay-Mulcra-Wallpolla); this evidence base does support the assumption that positive outcomes are also being achieved at other watered sites. Given that the environmental watering program has encompassed 102 sites and inundated 15,329 ha over the past two years, it is also anticipated that the extent of these impacts is also relatively large.

Site based observations (e.g. photopoint monitoring) that further support these assumptions include broad ranging environmental responses to two years (2016-18) water availability, with: over story canopies observed to have a flush of new growth particularly black box; marked increases in the diversity and abundance of riparian vegetation; macrophyte communities present in good numbers; and an influx of extensive waterbird diversity and abundance observed at large wetland sites such as Tchum Lakes and Lake Wallawalla, with good numbers and variety at many other sites⁹.

In 2017-18 some 43,000 ha of targeted threat mitigation actions (e.g. invasive plant and animal management) were also undertaken to further secure the environmental outcomes achieved by these recent watering events and to protect priority riparian landscapes. Key observations regarding the impact of these works include:

- Regeneration of native flora (e.g. River Cooba and River Red Gum) following an extensive Willow removal program along the Murray River¹⁰.
- Targeted rabbit control programs are maintaining populations within priority riparian landscapes below the regional threshold level of <1 rabbits per spotlight km. For example, post treatment assessments in Hattah found <0.5 rabbits per spotlight km at 80% of the monitored sites, with the remaining 20% showing no rabbit activity.
- The abundance of invasive plants at Hattah Lakes has remained relatively stable over a five year monitoring period (2013-18). This was also largely the case following the 2016 overbank flood, an event which facilitates weed seed dispersal via floodwaters. Noogoora burr was however the exception, with increasing populations reported by both the 2017 and 2018 monitoring¹¹. Targeted works to control this species were undertaken in 2018, with a high level of success. Extensive follow up works will however be required for longer term management outcomes¹².
- Evidence of pig damage to floodplain habitat is however increasing in response to water availability¹³. While a range of control methods are being implemented (e.g. trapping, shooting) within priority landscapes, further efforts/resources are required to effectively manage this threat.

⁶ Moxham C, Kenny S, Fanson B (2018). *The Living Murray Hattah Lakes Intervention Monitoring. Annual Report 2018: Understorey Vegetation Program*.

⁷ Wood D, Brown P (2018) *Movement of large-bodied fish at the Hattah Lakes during drawdown*, 2017. Final Report prepared for the Mallee catchment management Authority by The Murray-Darling Freshwater Research Centre, MDFRC Publication 178/2018, March, 9pp.

⁸ Tonkin, Z., O'Mahony, J., Moloney, P., Raymond, S., Hackett, G., Kitchingman, A. and J. Lyon (2018). *Fish movement in the Lindsay and Mulcra Island anabranch systems: 2018 Progress Report*. Unpublished Client Report for the Mallee Catchment Management Authority. Arthur Rylah Institute for Environmental Research, Department of Environment, Land, Water and Planning, Heidelberg, Victoria.

⁹ Mallee Catchment Management Authority, 2017-18 *Environmental Watering Monitoring Program; Unpublished Data*.

¹⁰ Open Area Land Management (2018) *Willow Control Program Final Report*.

¹¹ Moxham C, Kenny S, Fanson B (2018). *The Living Murray Hattah Lakes Intervention Monitoring. Annual Report 2018: Understorey Vegetation Program*

¹² Mallee CMA field staff observations

¹³ Moxham C, Kenny S, Fanson B (2018). *The Living Murray Hattah Lakes Intervention Monitoring. Annual Report 2018: Understorey Vegetation Program*.

Case Study

REGENT PARROT RESURGENCE

Many Australian bird books report that the Mallee population of the Regent Parrot is endangered and that only 500 remain. Well, an update is required!

Late in 2016, it was widely reported that the scarcely-seen parrot was flourishing in the Hattah-Kulkyne National Park as a result of the 2016 Murray River floods. But there is more to this remarkable story and it's helping illustrate what significant environmental outcomes can be achieved when environmental water is carefully managed.

Regent Parrots are vibrantly-coloured seed-eaters. They can now be found in good numbers in recently flooded areas across the Hattah-Kulkyne National Park where a variety of plants provide seed for their food. They depend on trees such as river red gum and black box, in which they eat seeds, shelter from predators and nest in hollows.

Of course, all this depends on water. The Hattah Lakes, which have long benefitted from Murray River floodwaters, were last naturally filled in 1993. Between 2005 and 2010, temporary pumps were used to deliver small quantities of environmental water to sites which showed the worst declines in ecological health. Then, in 2013, following the completion of permanent environmental water management structures, larger scale environmental water flows began.

In 2014 the Hattah Lakes area received broad-scale environmental watering with inundation across significant areas of the national park. That same year surveys for

Regent Parrot targeted 71 sites in the park. Researchers reported observing large flocks of parrots, including Regent Parrots, in some areas including stands of black box in or near Lake Kramen that had been flooded 2-3 years earlier.

Remarkably, Regent Parrots were sometimes seen in flocks of more than 100 birds. And in contrast to the flooded areas, many sites that did not receive environmental flows displayed decreases in bird numbers.

The following year researchers returned to Hattah-Kulkyne National Park, once again finding healthy numbers of the Regent Parrot. Their 2016 surveys told the same story: the Regent Parrot population was healthy in areas that had received environmental flows in 2014.

The researchers concluded that environmental flows have had a beneficial effect on bird abundance, including Regent Parrot¹⁴. And even after natural floodwaters receded in 2016, they found the Regent Parrot was flourishing in black box woodlands.

The worrying decline and subsequent resurgence of the Regent Parrot in the Hattah-Kulkyne National Park highlights just one benefit of environmental watering for areas that are enduring reduced natural flooding.



Regent Parrots. Credit: Mallee CMA

¹⁴ Loyn, R. and Dutson, G. (2016b) *Birds in Black Box woodlands in Hattah- Kulkyne NP 2016, with comparative data from Nangiloc and Kings Billabong*. Final report from 2016 surveys. Unpublished report for the Mallee CMA by Eco Insights. (D17/6897)

Biodiversity

Just over half (2,047,645 ha) of the region's native vegetation has been cleared since European settlement, particularly those vegetation communities growing on the more fertile alluvial soils (i.e. suitable for agriculture). Large contiguous blocks of terrestrial habitat do remain however, predominantly in large parks such as Murray-Sunset and Wyperfeld National Parks. Of the 1,872,233 ha of remaining vegetation, only 12% occurs on private land.

This habitat supports a diverse and unique range of flora and fauna, with many species associated with the more arid interior having their southernmost distribution here. Several species are found nowhere else in Victoria; and many others are genetically distinct from their northern or southern relatives. Overall, the region contains 160 terrestrial and aquatic species which are listed as threatened at either Federal (27) or State (133) level; and 10 listed communities (4 federal and 6 state).

Biodiversity Management

The RCS sets the long-term (20 year) objective for Threatened Species and Communities management in the Mallee as being "to protect and enhance the present diversity of Mallee threatened species and communities"; and for Terrestrial Habitat as being "to protect and enhance the extent, condition and ecological connectivity of high value terrestrial habitat across all Mallee Land tenures".

Table 10 summarises the key activities that contributed to the RCS's six-year strategic actions for Threatened Species and Communities and Terrestrial Habitat in 2017-18. Regional stakeholders engaged in the planning and delivery of these outputs included Mallee CMA, DELWP, Parks Victoria, water authorities, local government, Trust for Nature, Landcare and other community based NRM groups, Indigenous community, and private land managers.

Table 10 | Progress against RCS Strategic Actions for Threatened Species & Communities and Terrestrial Habitat.

| Strategic (6 Yr) Actions | 2017-18 Progress |
|---|--|
| Threatened Species & Communities | |
| 3.1.1. Continue to implement actions consistent with federal, state and regional prioritisation frameworks. | Ongoing consideration in the development of relevant funding bids and subsequent implementation. Funding bids submitted under the State Government's 'Biodiversity Response Planning Initiative' (9 submitted/advice pending) and the Federal Government's Regional Land Program 'Threatened Species' and 'Threatened Communities' Services (4 submitted/advice pending). |
| 3.1.2. Continue to support the development, implementation and review of Action Statements and Recovery Plans for the region's threatened species and communities. | Significant delivery against priority management actions at both the individual species/communities and whole of landscape (Catchment Asset) scale, including the following ¹⁵ : <ul style="list-style-type: none"> • 142 ha of native vegetation established to enhance priority habitat. • 26 km of stock exclusion fencing to protect and enhance priority habitat. • 400,944 ha of pest animal control (rabbit, fox, feral goat, and feral pig) and 103,216 ha of weed control, to reduce critical threats to priority species/communities. Key landscapes (and the priority threatened species/communities they support) targeted by 2017-18 delivery included: <ul style="list-style-type: none"> • Avoca Basin Terminal Lakes System and Creeklines • Wathe and Bronzewing Dunefields • Outlet Creek and Wirrengren Plains • Hattah-Kulkyne Lakes System and National Park • Murray River Floodplain: Merbein to SA Border • North West Woodlands • Annuello • Pink Lakes • Limited opportunities to support the development or review of Action Statements/Recovery Plans in 2017-18. |
| 3.1.3. Support the implementation of ecologically appropriate burning regimes for protection of threatened species and communities. | Ongoing management and support provided by regional delivery partners (DELWP monitoring). |
| Terrestrial Habitat | |
| 4.1.1. Review, update and implement the <i>Mallee Native Vegetation Plan</i>. | No progress regarding review/update of <i>Mallee Native Vegetation Plan</i> - pending State Government direction. Ongoing delivery against regional priorities and management actions assumed (not actively monitored or reported at regional scale). |

Continued...

¹⁵ Appendix 2 details all outputs delivered under the broader Biodiversity theme in 2017-18.

Table 10 | Progress against RCS Strategic Actions for Threatened Species & Communities and Terrestrial Habitat. *Continued...*

| Strategic (6 Yr) Actions | 2017-18 Progress |
|--|---|
| 4.1.2. Develop and implement a Regional Biolinks Plan to guide the delivery of cross-tenure habitat enhancement programs. | <p>Mallee Biolinks Plan released June 2016 as part of the Mallee NRM Plan for Climate Change (2016-19). Progress against priority actions achieved in 2017-18, included¹⁶:</p> <ul style="list-style-type: none"> • 127 ha of native vegetation established to enhance priority linkages. • 55,666 ha of weed control to protect and priority habitat linkages. • 57,426 ha of pest animal control (rabbit) and 5 km of stock exclusion fencing to reduce grazing impacts and support regeneration outcomes within priority habitat linkages. • Priority Corridors targeted by 2017-18 delivery included: • West Millewa (enhancing linkages between Murray River floodplain and north western casuarina woodland remnants. • Western Central Mallee (enhancing linkages between Murray Sunset National Park and the Wyperfeld/Big Desert. • Eastern Central Mallee (enhancing linkages between Murray River floodplain and Avoca Basin). |

Biodiversity Condition

The Biodiversity theme reports on the overall condition of both terrestrial habitat and threatened species and communities (terrestrial and aquatic).

Threatened Species and Communities Benchmark

It is difficult to give a generalised picture on the condition of these assets given their fragmented nature within the Mallee landscape and the scope, scale and nature of associated indicators. Some populations of threatened species are comprehensively observed and reported on, while others remain somewhat cryptic due to insufficient resources or the nature of the species itself. Given the challenges associated with monitoring all threatened species and communities, proxy indicators are applied where available from which broad assumptions regarding the overall condition of these assets could be made, albeit often with a high degree of uncertainty.

Climatic factors can have significant impacts on the Mallee's biodiversity assets, with the ability of specific species/communities to respond to seasonal conditions an important consideration when assessing their condition. For example:

- Long-term monitoring of Malleefowl mounds in Victoria has shown breeding numbers in 2012 were higher than at any time in the past, in response to good rains and maturing habitat. Numbers have declined significantly over following years however, as a result of ongoing dry winter conditions; with numbers at several Mallee sites in 2015 being lower than all but the drought year of 2002. Breeding numbers improved slightly in 2016 and again in 2017, but still remain lower than most other seasons since monitoring began¹⁷.

- Five year monitoring (2011-2016) of representative sites across the Mallee catchment found that the presence or absence of threatened floristic species are also strongly influenced by external factors, particularly the interaction between seasonal conditions and grazing pressure. In 2016, the presence of several of the DELWP advisory listed floristic species which were absent in the 2011 monitoring event were recorded within ungrazed sites (e.g. *Trigonella suavisissima*, *Haloragis odontocarpa*, *Cardamine moirensis* and *Sclerolaena patenticuspis*). Other threatened species (such as *Chenopodium desertorum* subsp. *Desertorum*, *Acacia oswaldii*, *Zygophyllum simile* and *Geijera parviflora*) present in 2011 were however absent by 2016, primarily due to the drought conditions experienced within the region between monitoring events¹⁸.

Large bushfire events can also have a significant impact on the region's threatened species and communities. A key example of this is the loss of Black-eared Miner habitat after the 2014 Bronzewing Flora and Fauna reserve fire. This has reduced the range of this species to just one site in Victoria, Murray-Sunset National Park; making them extremely vulnerable to any future pressures¹⁹.

Further evidence to suggest that some threatened species populations are currently in decline within their constrained ranges include:

- Study of semi-arid woodland birds found the number of woodland blocks where White-browed Treecreepers (*Climacteris affinis*) were present had fallen from 2006 to 2011²⁰.
- Study on the Arid Bronze Azure Butterfly revealed that there was no evidence of the butterfly within the formerly occupied area of Pink Lakes. This suggests that the distribution of the butterfly may have contracted,

¹⁶ Appendix 2 details all outputs delivered under the broader Biodiversity theme in 2017-18.

¹⁷ Benshemesh J and Stokie P: Malleefowl monitoring in Victoria: 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18. Reports to the Victorian Malleefowl Recovery Group

¹⁸ Moxham, C. et al (2017) *BushTender Mega Murray: Evaluation of vegetation change 2011-2016*, Arthur Rylah Institute for Environmental Research, DELWP; and, Moxham, C. et al (2017) *Quantifying vegetation change in linear remnants: 2011-2016*, Arthur Rylah Institute for Environmental Research, DELWP.

¹⁹ Boulton, R: Unpublished



²⁰ Hurley 2012

with the remaining known populations restricted to Hattah-Kulkyne National Park and adjacent freehold land²¹.

Threatened Species and Communities Assessment 2017-18

Summary of assessment

Site based assessments of individual threatened species and communities indicates a stable condition trend, with evidence that management actions undertaken in 2017-18 may support future improvements should favourable climatic conditions occur.

| Assessment | Summary of 2017-18 Evidence |
|---|--|
| 2017-18 Condition  | Evidence of an increase in population numbers/ distribution of threatened flora and fauna species experiencing favourable conditions in 2017-18 (e.g. environmental watering). |
| Previous 3 Year  | While dryland areas experienced below average rainfall and extreme temperatures in 2017-18, some evidence to support the expectation that the significant area of threat mitigation works undertaken in 2017-18 (i.e. over 500,000 ha) will provide a basis for future improvements should favourable climatic conditions occur. |

Reasons for assessment

Site based monitoring in 2017-18 has identified that individual species continue to respond to favourable conditions. For example, following environmental watering at Hattah Lakes, the endangered Australian Painted Snipe has been observed in concurrent bush birds surveys, at least one pair of endangered White-bellied Sea-Eagle has successfully bred, and Australia's rarest waterfowl, the Freckled Duck, was recorded for the first time in many years²².

Following environmental watering of wetlands and a natural flood event at Ned's Corner, a property owned by Trust for Nature, a 2017 flora survey discovered 15 previously unrecorded flora species listed on the Advisory List of Rare or Threatened Plants in Victoria. It is considered likely that the seeds of the newly discovered plants were either dormant in the soil, with growth triggered by the presence of water, or were carried to the site on recent floodwaters, as some of the plants are better known from further east in Victoria.

Under such favourable conditions, the impacts of habitat disturbance/modification may also be reduced; as was found following the construction of two regulators at important Regent Parrot breeding sites (Messengers and Oateys) within the Hattah Lakes. These works have had negligible impacts on breeding populations, with 2017-18 nest surveys confirming 21 active Regent Parrot nests; 19 at Messengers (the highest number recorded since monitoring commenced in 2013); and two at Oateys. Large numbers of Regent Parrots were also recorded constantly moving throughout and within the study area, supporting broader observations of many hundreds of Regent Parrots feeding in and near the Hattah-Kulkyne National Park in recent years.

Similarly, the Murray Hardyhead monitoring program highlighted an excellent result at the Koorlong wetland site with the capture of 700 individuals. While no additional water was delivered to the site in 2017-18, ongoing assessments were made and arrangements put in place to provide 'top up' water if required. Telemetry was also installed at the site to facilitate live monitoring of water and salinity levels to ensure they remain within the optimal range for the threatened fish species.

With below average rainfall and high temperatures extending into autumn in 2017-18, the conditions provided to riparian habitat by environmental watering and associated increases in threatened species populations did not extend into the dryland region. It is however anticipated that the significant area of threat mitigation works undertaken within these terrestrial landscapes (i.e. over 500,000 ha) will provide a basis for future improvements should favourable climatic conditions occur.

The impact of such works was demonstrated in 2017-18, with the first sighting of a Gile's Planigale at Ned's Corner Station for the first time in eight years. This followed the delivery of intensive pest plant (cactus, buffel grass, horehound, camel melon, tobacco bush, thistles, match plant, and Patterson's curse) and animal (goats, pigs, foxes and rabbits) control programs.

²¹ Douglas, F (2012) *The distribution and conservation of the Arid Bronze Azure Butterfly in the Mallee area of north-western Victoria*. Unpublished report for the Mallee CMA).

²² Moxham C, Kenny S, Fanson B (2018). *The Living Murray Hattah Lakes Intervention Monitoring. Annual Report 2018: Understorey Vegetation Program*

Case Study

FIGHTING THE FERALS

A successful fight against feral animals at the iconic Ned's Corner Station in remote north-west Victoria has resulted in the first sighting of a Gile's Planigale in almost eight years. The small mouse-like creature was found in mid-2017 at the property, which is owned by Trust for Nature and managed for conservation.

It's a positive sign that all the hard work fighting pest species is paying off, particularly after a major pest plant and animal program was undertaken at Ned's Corner in 2017-18, thanks to funding from the Victorian Government's Biodiversity On-Ground Action program.

Delivered by the Mallee CMA and Trust for Nature, the program targeted pest species such as goats, pigs, foxes and rabbits; and pest plants including cactus, buffel grass, horehound, camel melon, tobacco bush, thistles, match plant, and Patterson's curse.

A total of 73 pest animals were removed by the program, while more than 420 km of land was monitored for pest species. Invasive weeds weren't left out either, with more than 80 tobacco bushes cut and painted to prevent expansion; three cactus infestations mapped and removed; along with the removal of Bathurst burr infestations. A vast area of the property was also mapped to locate weeds to be treated in the future.



Gile's Planigale (*Planigale gilesi*) found at Ned's Corner. Image courtesy Trust for Nature.

Terrestrial Habitat Benchmark

Based on state-wide modelling (i.e. Site Condition Assessment and Patch-based Landscape Context Assessment), native vegetation quality across the Mallee is considered to be in better than average condition overall, with patches of habitat isolated in cleared landscapes typically in poorer condition. The DELWP NaturePrint model also determines the relative contribution of large blocks of vegetated areas in the region to biodiversity conservation in a statewide context to be generally high (Figure 6).

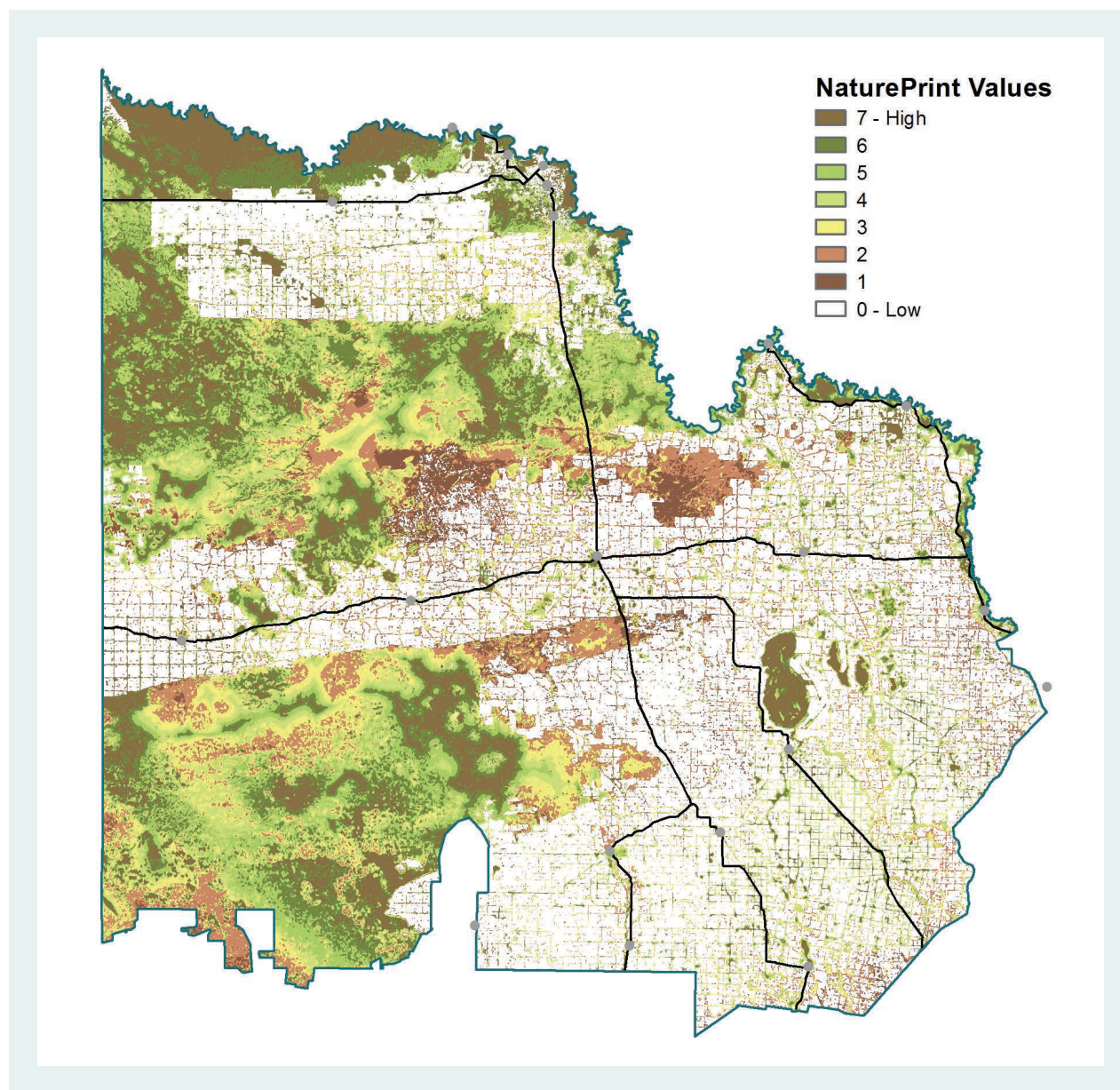


Figure 6 | Relative priority of Terrestrial Habitat Assets - NaturePrint Version 3 (State of Victoria 2014).



Trends in measures of condition within major parks and reserves remain stable, if not slightly improving, as a result of the removal of grazing over 20 years ago and some large rainfall events experienced in the region. This finding provides a good indication of the timeframe required for the recovery and restoration of Mallee habitats following the removal of grazing.

Within the more fragmented areas of the landscape, remnant vegetation subjected to interventions has also remained generally stable. Due to continuing threatening processes, declines in some measures of condition would however be expected within many remnants, especially those where threat mitigation actions have not occurred.

Terrestrial Habitat Assessment 2017-18

Summary of assessment

Monitoring of regional terrestrial habitat assets generally indicates a condition trend of stable to improving; with evidence that management actions undertaken in 2017-18 will have a positive impact in the longer term.

| Assessment | Summary of 2017-18 Evidence |
|---|---|
| 2017-18 Condition  | <p>Significant area of targeted works undertaken in 2017-18 to protect and enhance priority habitat (> 55,000 ha); with the 500,000 ha of works targeting threatened species/communities also expected to benefit the terrestrial habitat they were delivered in.</p> |
| Previous 3 Year  | <p>Evidence of changes in the incidence of key threatening processes resulting from 2017-18 works programs. This included reductions in rabbit populations to an average of 0.5 per ha (significantly below the threshold required to support regeneration), and quantified decreases in extent and density of target weed species.</p> <p>Evidence of condition improvements as a result of these threat mitigation actions. This included improvements in habitat condition once grazing was removed (i.e. stock exclusion fencing); and evidence of ecological functionality returning to revegetated sites.</p> |

Reasons for assessment

Significant areas of terrestrial habitat were targeted for threat mitigation actions in 2017-18, including: the establishment of 127 ha of native vegetation to enhance priority linkages, 55,666 ha of weed control to protect priority habitat, and 57,426 ha of pest animal control (rabbit) and 5 km of stock exclusion fencing to reduce grazing impacts and support regeneration outcomes. Further to this, the 500,000 hectares of pest plant and animal control programs undertaken in 2017-18 to support the recovery of the region's threatened species and communities, also directly impacts the terrestrial habitat in which these works were delivered.

Site-based assessments (both ongoing and annual) have identified both a reduction in threat processes and associated habitat improvements resulting from these works.

Long term control programs in the Mallee continue to maintain rabbit numbers below the regional threshold of <2 per spotlight km required to support regeneration processes. In 2018, ongoing transect monitoring of rabbit activity within the Mallee's four remnant rangeland communities reported that 94% of the kilometres surveyed had 1 or less rabbits recorded²³. Site based

monitoring of targeted control programs identified that pre-treatment rabbit numbers ranged between 10 and 2 per hectare and then between 0 and 1.5 (with an average of 0.535) post treatment²⁴.

Site based monitoring of weed control programs also recorded significant reductions in the extent and density of targeted species. In 2017-18 these species were primarily weeds of national significance (WoNS) such as African Boxthorn, Wheel Cactus, Hudson Pear; and the emerging weed Buffel Grass.

Work to quantify the impact of stock exclusion fencing on the health of remnants has determined that improvements can be expected within 5 years of a patch of native vegetation being ungrazed. This includes increases in the total cover of native shrubs, litter, and to a lesser extent, native grasses and tree canopy cover. These changes are not as evident in linear remnants, however, as they are more prone to edge effects, requiring at least 10 years before the impacts of removing grazing can be quantified²⁵.

The appropriateness of undertaking re-vegetation activities as a targeted threat mitigation option is also being assessed by long-term monitoring programs in the region. Key observations include:

- In the southern Mallee, sites established in 2017 had an average survival rate of 83% 6 months after planting. This high rate was largely due to the implementation of follow-up watering events and installation of tree guards to reduce grazing pressure on seedlings. By June 2018 (12 months after planting) this had decreased to 64% of seedlings surviving, an outcome which can be directly attributed to an increase in mice populations and the lack of summer rainfall.
- In the central Mallee, 2017 sites recorded 85% survival rates for tubestock after 6 months; a result which also decreased significantly after 12 months (57% survival) due to a lack of summer rainfall and high mouse numbers.
- Since monitoring commenced in 2011, an average of 40% of tubestock are recorded as surviving, and 50% of directly seeded sites report germination. Whilst, some sites report low seedling survival rates, direct seeding outcomes at these sites have been successful.
- Over the medium term (i.e. >5 years) revegetation sites are showing evidence of ecological functionality returning to the site. Specific changes recorded include: improved soil condition (i.e. reduced erosion); the absence of threats (e.g., kangaroos, rabbits and herbaceous weed); evidence of habitat utilisation (i.e. movement/utilisation of species primarily birds using these areas as corridors); and improved ecosystem function (e.g. evidence of natural regeneration).

²³ Parks Victoria (2018), unpublished data.

²⁴ Mallee CMA (2018), unpublished data.

²⁵ Moxham, C. Kenny, S., and Duncun M. Arthur Rylah Institute for Environmental Research (2016); *Quantifying the impact of land management practices on priority remnant vegetation across the dryland Mallee landscape: five year monitoring report* for the Mallee CMA.

Case Study

LEARNING OUR LESSONS FROM REVEG MONITORING

MORE trees are surviving and wildlife connections are improving, according to long term monitoring undertaken on revegetation sites across the Victorian Mallee.

Since 2013, more than 800 hectares of public and private land has been revegetated with indigenous species, through programs delivered by the Mallee CMA. As part of our commitment to adaptive management and continuous improvement, monitoring has been regularly undertaken to investigate how external factors affect survival rates; how to mitigate those external factors; and to evaluate which species have the best survival rates.

Monitoring has shown us the water jetting method of planting is the best management practice for our revegetation programs, with follow up watering further helping to combat our region's dry conditions and improve survival rates.

Using tree guards has also decreased grazing pressure on newly established tubestock and improved survival rates.

Learning the lessons from the monitoring results is paying off, with monitoring of sites planted in 2017 showing that an average of 64% of tubestock survived and 88% of directly seeded sites germinated. Results which were achieved following below average rainfall and localised mice plagues.

Most importantly, however, our long-term monitoring program is showing that ecological functionality is returning to revegetation sites. Specific changes include improved soil condition, absence of threats, evidence of habitat utilisation, and improved ecosystem function. By increasing the extent of native vegetation, these revegetation sites are creating habitat and improving connectivity across the landscape for the benefit of our threatened species.



Long term monitoring of revegetation in the Mallee (Left: Year 1 and Right: Year 5). Credit: Mallee CMA



Established revegetation site at Birchip.

Land

Some 62% of the Mallee is under agricultural production, with an estimated 2.4 million ha of dryland farming and a further 72,500 ha of irrigation. The region produces up to 50% of Victoria's cereals, almost 100% of Victoria's dried vine fruits, 75% of Victoria's table grapes, 68% of Australia's almonds, 20% of Australia's wine grapes, and significant proportions of the nation's citrus, avocados, olives and vegetables crops. Mallee soils play an essential role in supporting these productive landscapes and the region's broader ecosystems.

Under the *Water Act 1989*, the land area over the Murray Group Limestone Aquifer was declared a Water Supply Protection Area (WSPA) in 1998. The subsequent implementation of the *Murrayville Area Groundwater Management Plan* (GMP) from 2001 and ongoing monitoring of groundwater levels, salinity and metered extraction provides detailed information on groundwater condition and trends.

Land Management

The RCS sets the long-term (20 year) objective for the Soil Regional Asset as being 'to protect and enhance the environmental values and ecosystem services provided by Mallee soils'; and for Agricultural Land as being "to optimise the productive capacity of Mallee agricultural landscapes, while minimising any adverse impacts of associated management practices (both current and historical) on our natural and cultural landscapes". This headline theme also includes the Groundwater Regional Asset, for which the RCS set a long-term (20 year) objective of 'to protect the quality and availability of the Mallee's groundwater resource for current and future users'.

Table 11 summarises the key activities that contributed to the RCS's six-year strategic actions for Soils, Agricultural Land and Groundwater assets in 2017-18. Regional stakeholders engaged in the planning and delivery of these outputs included the DELWP, DEDJTR, NSW Office of Environment and Heritage, water authorities, local government, Landcare, community based NRM groups, Birchip Cropping Group, Mallee Sustainable Farming, Vic No-Till and other industry groups, Indigenous community, and private land managers.

Table 11 | Progress against RCS Strategic Actions for Soils, Agricultural Land and Groundwater.

| Strategic (6 Yr) Actions | 2017-18 Progress |
|---|--|
| Soils | |
| 5.1.1. Develop and implement a Regional Soil Health Plan for the Mallee. | No progress regarding development of Region Soil Health Plan; pending finalisation of Mallee Sustainable Agriculture Strategy (6.1.2 below). |
| Agricultural Land | |
| 6.1.1. Continue to implement the Victorian Mallee Irrigation Region Land and Water Management Plan. | Renewal of the Land and Water Management Plan commenced in 2017-18 (due for completion June 2019). 276 ha of irrigation infrastructure upgrades delivered under the Mallee Irrigation Incentives program ²⁶ . |
| 6.1.2. Develop and implement a strategy for Mallee dryland agricultural land as part of the Regional Soil Health Plan. Groundwater | Mallee Dryland Sustainable Agriculture Strategy (2017-23) completed in partnership with regional partners. Progress made against targets included ²⁷ : 26 dunes reclaimed, protecting highly vulnerable sites from further soil loss and degradation. 26 stock containment areas constructed to support groundcover management during periods of limited feed availability (e.g. drought). 95 ha of vegetation (saltbush) established for salinity (discharge) management. |
| Groundwater | |
| 7.1.1. Continue to implement the Murrayville Groundwater Supply Protection Area Management Plan. | Ongoing implementation actively monitored and reported (GWMWater). |
| 7.1.2. Continue to implement actions from the Western Region Sustainable Water Strategy that apply to the Murrayville Groundwater Supply Protection Area. | Ongoing delivery against relevant actions assumed; not actively monitored or reported at regional scale. |

²⁶ Appendix 2 details all outputs delivered under the Victorian Mallee Irrigation Region Land and Water Management Plan in 2017-18

²⁷ Appendix 2 details all outputs delivered under the draft Mallee Sustainable Agriculture Strategy in 2017-18

Case Study

SALT BENEATH OUR FEET

Work is underway to continue to improve salinity management in the Mallee, as part of delivering against Action 4.8 of the Victorian Government's *Water for Victoria* policy.

The Mallee CMA, together with Lower Murray Water and the Department of Environment, Land, Water and Planning (DELWP), invested significant time during 2017-18 to:

- Proactively progressing an independent review of the salinity charging process, which is on track for completion in 2019;
- Reviewing the policies for the High Impact Zone (HIZ) for salinity management within the region to ensure these regulations support modernisation of the Sunraysia Irrigation Districts;

- Undertaking investigations into the ways that salinity is managed across New South Wales, Victoria and South Australia. To date, the key salinity management tools and policies have been detailed and reported on to illustrate the varying ways each state meets the requirements of the Murray-Darling Basin's salinity management framework; and
- Investing revenue from salinity charges to update our knowledge of the Victorian Mallee salinity impacts and the cost of offsets, consistent with Basin Salinity Management 2030.

This work will continue in 2018-19, with the intent that salinity management in the Mallee is aligned with the requirements of the Basin Salinity Management 2030 Strategy and with community expectations.



Irrigation beside Karadoc Swamp. Credit: Mallee CMA

Land Condition

The Land Theme reports on the overall condition of both soils/agricultural land and groundwater resources that are utilised for production purposes (i.e. Murray Group Limestone Aquifer). For reporting purposes these are separated into two categories; dryland and irrigated.

Dryland Agriculture Benchmark

The Mallee Soil Erosion and Land Management Survey provides a long-term (1978-2018) assessment of the condition of agricultural land within the dryland Mallee. Widespread changes in dryland agricultural management practices observed over the past 20 years continue to

dramatically reduce the risk, incidence and severity of soil erosion. The use of conventional fallow, for instance, has been reduced considerably, from between 30% to 50% of monitored sites in the 1990s to an average of less than 5% over the past five years - a practice change which has significantly increased vegetation cover, soil aggregation and overall soil stability. As a result, erosion risk remains relatively stable, with more than 80% of the 155 surveyed sites being classified as having a 'low' risk (Mallee Soil Erosion and Land Management Survey, 2018).



There has however been an increase in the use of break crops over the past five years. Break crops such as legume crops produce more fragile stubbles which are prone to faster decomposition than cereals and may increase erosion risk.

Organic Carbon (OC) is typically below one percent in Mallee soils but varies considerably (0.21% to 1.7%) across monitored sites according to their underlying soils texture (i.e. shifts from loam in the north to clay loam/clay soils in the south). A decline in median OC levels for all land systems has been observed from the 2010-2012 baseline assessments and while it is well documented that there is a temporal downward trend in OC levels in Australian cropping soils, OC can also vary within the season. Further monitoring is therefore required to determine if observed changes in OC as a soil health indicator is a long term trend or due to short term (seasonal) variation.

Dryland Assessment 2017-18

Summary of assessment

The condition of Soils and Agricultural Land (dryland) assets in the Mallee are considered to be generally stable. Some management practices employed within the northern part of the region in 2017-18 may have a negative impact on soil condition however.

| Assessment | Summary of 2017-18 Evidence |
|---|--|
| 2017-18 Condition  | <p>On average 97% of the region exceeded 50% groundcover (target) throughout 2017-18, with the majority of dryland farmers continuing to implement practices that reduce the risk and incidence of soil erosion.</p> |
| Previous 3 Year  | <p>There is some spatial variability evident in 2017-18 management practices and associated erosion risk, however. Northern 'Millewa' land system recorded an increase in conventional fallow practices, with 70% of sites having 50% or less vegetation cover; and 40% of these estimated to have a medium or high erosion risk.</p> <p>While the very dry summer and autumn period experienced by the region in 2017-18 is believed to have contributed to this result, further work is required to support farmers in the northern Mallee implement best practice as their soil types are inherently more susceptible to erosion.</p> |

Reasons for assessment

Groundcover observations demonstrate that despite below average rainfall, between 92% and 100% of the region had more than the 50% groundcover target throughout 2017-18 (Table 12).

Table 12 | Percentage of the Mallee with more than 50% groundcover in 2017-18 as determined from MODIS (Source: NSW Office of Environment and Heritage, May 2018).

| Month | Percentage | Month | Percentage |
|----------------|------------|---------------|------------|
| July 2017 | 99 | January 2018 | 94 |
| August 2017 | 100 | February 2018 | 94 |
| September 2017 | 100 | March 2018 | 95 |
| October 2017 | 99 | April 2018 | 96 |
| November 2017 | 96 | May 2018 | 97 |
| December 2017 | 92 | June 2018 | 99 |

March groundcover was exceptionally good for the time of year, with 95% of the region having more than the 50% target (Figure 7). This result represents a short term trend of increasing groundcover with a similar result in March 2017 (95%), compared to 88% in 2014 and 15, and 80% in March 2016.

While no dust activity was recorded throughout March at the Mallee DustWatch site (located at Walpeup), moderate activity (4 hours) occurred in April, highlighting that even a small area of paddocks with below 50% groundcover can create some substantial dust (*DustWatch Report: NSW Office of Environment and Heritage, April 2018*).



Wheat grown in the Mallee region.

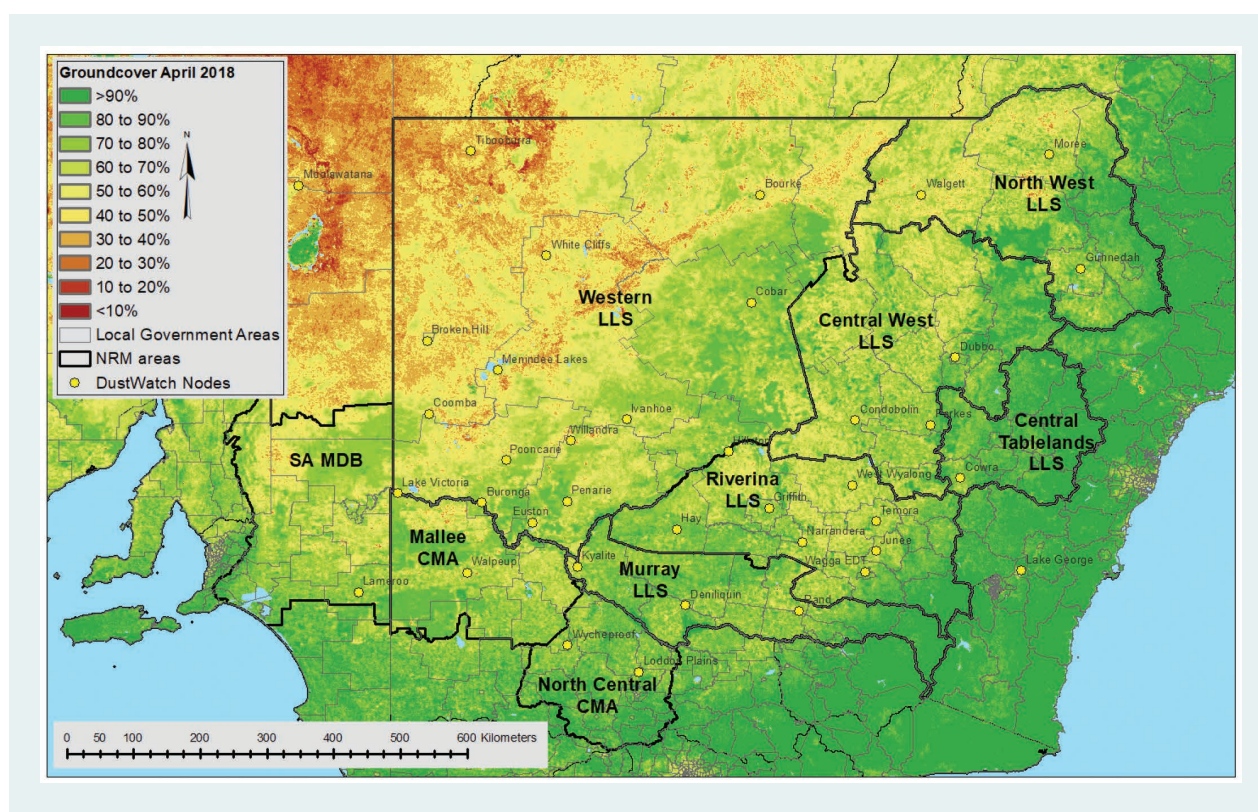


Figure 7 | Groundcover in April 2018 as determined from MODIS (NSW Office of Environment and Heritage, April 2018).

Evidence that the majority of dryland farmers implemented practices that reduce the risk and incidence of soil erosion in 2017-18 is also provided by the Mallee Soil Erosion and Land Management Survey conducted in April 2018. Specifically:

- Chemical fallowing was the most common paddock management practice and was implemented at 92% of sites. The remaining sites were represented by conventional fallow (3%), pastures (4%) and burnt stubble (1%).
- More than half the sites (57%) exceeded regional vegetative cover targets ($\geq 50\%$); with 21% of these having $> 70\%$ cover.
- Majority of sites (88%) were classified as having low erosion risk (9% medium risk and 3% high).

Spatial variability in management practices and associated erosion risk was, however, identified by the 2018 survey. In the northern 'Millewa' land system, 15% of sites employed conventional fallow practices, 70% recorded 50% or less vegetation cover, and 40% were estimated to have a medium or high erosion risk (Table 13). While the very dry summer and autumn period experienced by the region may have contributed to this result, further support needs to be provided to farmers in the northern areas of the Mallee to continue to implement practices that reduce erosion risk as their soils types are inherently more susceptible to soil erosion.

Table 13 | Monitoring sites (%) with an estimated erosion risk of low, medium or high across six Mallee land systems during late summer 2018. Erosion risk estimations are based on Leys et.al. (2002) Q value equation.

| Land System | Erosion Risk % | | |
|----------------|----------------|----------|----------|
| | Low | Medium | High |
| Boigbeat | 100 | 0 | 0 |
| Central Mallee | 89 | 9 | 1 |
| Culgoa | 100 | 0 | 0 |
| Hopetoun | 96 | 0 | 4 |
| Millewa | 60 | 35 | 5 |
| Tempy | 90 | 0 | 10 |
| Total | 88 | 9 | 3 |

Irrigated Agriculture Benchmark

Assessing land health condition in relation to irrigation principally relies on the region's established modelling platforms, which in turn directly rely on groundwater and surface water monitoring data inputs.

The amount of water used for irrigation and sourced from the Murray River increased by more than 54% during the period 2006-07 (518 gigalitres) to 2017-18 (799 gigalitres). Data collected in recent years suggest the long-term

observed downward trends in drainage outfalls to the Murray River and its environs, and groundwater mounds beneath the older irrigation areas, are continuing however, with the 2010-11 record breaking rainfall season providing a brief diversion to these longer term trends in some areas. Average Murray River salinity readings have also steadily declined since 2011 (148 EC), with an average of 115 EC recorded for 2017/18²⁸.

Towards the end of the Millennium drought, large tracts of irrigated land were dried off in response to low water allocations, high water prices, adverse economic conditions, and the availability of government initiatives targeting water recovery and buy-back schemes such as the Small Block Irrigator Exit Grant (SBIEG). These areas were often left covered with dead plantings which can harbour pest plant and animal populations and increase biosecurity risks. The extent of dried-off areas peaked in 2010-11, encompassing some 5,158 ha or 29% of irrigable land within the pumped irrigation districts.



In 2015 this had decreased to 4,180 ha or 24% of pumped districts not irrigated as a result of the SBIEG moratorium period expiring in 2014²⁹. Of the total area that remained dried-off from irrigation within the pumped irrigation districts, 50% was being actively managed through clearing, regular slashing or conversion to horse paddocks. However, 30% of the total remained covered in dead and dying plantings.³⁰

In relation to the Murrayville Groundwater Management Area, current levels of use are within the permissible consumptive volumes as set under the *Water Act 1989*. While there has been some variability over recent years, it appears to be relatively stable for this non-renewable groundwater resource in the longer term, with groundwater levels recovering between irrigation seasons.

The Murrayville Groundwater Management Plan describes the drawdown limit as a maximum of 22 metres, with an eight metre residual drawdown over the period 2001 to 2020, or 0.4 m/year in the most intensively developed area (WSPA zone 1). Analysis of water levels in the key observation bores around zone 1 show that over the past 16 years the impact of extraction on seasonal groundwater levels is significantly less than 22 metres, and at the current rates of extraction, is unlikely to reach the eight metre residual drawdown by 2020³¹.

Irrigated Agriculture Assessment 2017-18

The condition of Irrigated Agriculture assets in the Mallee are considered to be stable to improving; with evidence that management actions undertaken in 2017-18 will have a positive impact in the longer term.

| Assessment | Summary of 2017-18 Evidence |
|---|--|
| 2017-18 Condition  | <p>Increased adoption of best management practice by irrigators achieved an estimated 2,770 tonne/year reduction in salt loads to the Murray River and significant improvements in on farm water use efficiency.</p> |
| Previous 3 Year  | <p>Long-term observed downward trends in drainage outfalls to the Murray River and its environs, and groundwater mounds beneath the older irrigation areas, continued in 2017-18.</p> <p>Metered extraction within the Murrayville WSPA was 55% of the licenced volume in 2017, a 3% decrease from 2016. The groundwater aquifer continued to respond (i.e. recover) as expected under this level of extraction. Salinity levels also remained stable in 2017.</p> |

Reason for assessment

Delivery of the Mallee Irrigation 'Salinity' Incentives program in 2017-18 supported the implementation of 29 individual works projects, delivering: 145 ha of irrigation system upgrades; 637 ha of systems checks; water use monitoring equipment installed across 133 ha; and irrigation drainage management plans developed for 24 ha. Collectively the salinity benefits (i.e. reduced irrigation recharge) achieved by these works is estimated to be a 2,770 tonnes/year reduction in salt to the Murray River.

Ongoing and widespread adoption of best management practice by irrigators was also demonstrated in 2017-18 by the removal of a salinity levy established 25 years ago under the Nyah to SA Border Salinity Management Plan. This levy has provided irrigation incentives to over 200 properties since commencing and its removal recognises the advances made in irrigation management, and subsequent reductions in salinity impacts.

A further 23 works projects were completed in 2017-18 by irrigators for improved on farm water use efficiency and subsequent reductions in groundwater accessions. These delivered 131 ha of irrigation infrastructure upgrades; 103 ha of systems checks; water use monitoring equipment across 63 ha; and irrigation drainage management plans for 41 ha.

Comparison of groundwater levels from bores sampled in both 2016/17 and 2017/18 determined that 36% of bores sampled in 2017/18 demonstrated deeper groundwater levels compared to 2016/17, with 38% of those showing a difference greater than 0.1m. Over 60% of bores measured groundwater in 2017/18 shallower than in 2016/17, with 63% changing by more than 0.1m. Only 3% of bores showed no change. Groundwater salinity levels in 2017/18 were within $\pm 10\%$ of 2016 levels for

²⁸ MDBA (2018). Live river data – Euston Weir downstream. (<https://riverdata.mdba.gov.au/euston-weir-downstream>, Accessed 06/08/2018)

²⁹ Updated data on changes in the area of irrigated land and will be available in 2018/19 as part of the regions biennial crop report.

³⁰ Mallee CMA, 2014; *SunRISE Mapping and Research*, 2016

³¹ GWM Water. Murrayville WSPA 2017 Annual Report.

56% of bores. Salinity decreased by more than 10% in 32% of bores, whilst salinity increased by more than 10% in 12% of bores³².

Data sourced from the Victorian Water Management Information System (WMIS) indicated very little change in drainage flow volumes for the irrigation catchments monitored since the breaking of the millennium drought in 2011 (data accessed July 2018).

In 2017, metered groundwater extraction within the Murrayville WSPA was 55% of the licenced volume, a 3% decrease from 2016. This equated to 5,255 ML, comprised of 5,146 ML for irrigation and the remaining 109 ML for urban supply. Observations from the bore monitoring network indicate that the aquifer continues to respond as expected under this level of extraction. Salinity levels also remained stable at monitored sites³³.



The Mallee Irrigation Incentives program supported 258 ha of irrigation system upgrades in 2017-18 for both on farm water use efficiency and salinity outcomes. Credit: Mallee CMA.

Community

The Mallee has a long history of the community generating and implementing innovative and complex NRM projects and plans, with established partnerships operating between all sectors of our community including land managers (public and private), industry groups, community based groups, Indigenous stakeholders, and government agencies and authorities. A well-informed community with the skills and confidence to identify, direct and implement change is essential for the maintenance of these partnerships and the NRM outcomes they deliver.

The region's long history of human occupation, spanning thousands of years, and the historical significance of its more recent non-Indigenous history, require sites of cultural and heritage significance to be given critical considerations in NRM based activities.

Community Management

The RCS sets the long-term (20 year) objective for Community Capacity for NRM in the Mallee as being 'to increase community capacity for, awareness of, and participation in efforts to protect the Mallee's natural, cultural and agricultural landscapes.'

This headline theme also includes the Culture and Heritage Regional Asset, for which the RCS set a long-term (20 year) objective of 'to protect the extent and condition of Cultural Heritage (Indigenous and non-Indigenous) sites across all Mallee Land Tenures.'

Table 14 summarises the key activities that contributed to the RCS' six-year strategic actions for Threatened Species and Communities in 2017-18. Regional stakeholders engaged in the planning and delivery of these outputs included the Mallee CMA, DELWP, DEDJTR, Parks Victoria, water authorities, local government, Trust for Nature, Landcare and community based NRM groups, Birchip Cropping Group, Mallee Sustainable Farming, Vic No-Till, private sector industry groups, Traditional Owners, Indigenous community, and private land managers.

³² Ventia (2018). *Annual Monitoring Report – Mallee Groundwater Monitoring Program*. Prepared for Mallee Catchment Management Authority, July 2018.

³³ GWM Water. Murrayville WSPA 2017 Annual Report

Table 14 | Progress against RCS Strategic Actions for Culture and Heritage and Community Capacity for NRM.

| Strategic (6 Yr) Actions | 2017-18 Progress |
|---|---|
| Culture & Heritage | |
| 8.1.1. Continue to support the development and implementation of Local Government Heritage Overlays in the Mallee. | Ongoing review and application of Heritage Overlays as part of local council planning schemes. Amendments actively monitored and reported through LGA planning processes. |
| 8.1.2. Continue to support the development and implementation of Cultural Heritage Management Plans in the Mallee. | 5 Cultural Heritage Management Plans (covering 17,916 ha) developed and implemented in line with Aboriginal Heritage Regulations. Actively monitored and reported through the Victorian Aboriginal Heritage Register. |
| 8.1.3. Continue to support the protection and management of cultural heritage sites as an integral component of all land, water and biodiversity management processes. | 113 cultural heritage assessments undertaken at proposed works sites. Application of regional tools to support improved identification and management of cultural heritage sites (e.g. regional field guides for managing pest plants and animals in cultural landscapes). Consideration and incorporation of cultural heritage values in regional strategies and management plans developed in 2017-18 (e.g. <i>Mallee Floodplain Management Strategy</i> , Environmental Watering Management Plans). |
| Community Capacity for NRM | |
| 9.1.1. Continue to support the development and implementation of community education programs to increase awareness of the Mallee's natural, cultural and agricultural assets; and to encourage actions which contribute to their protection and enhancement. | Significant number of both targeted and whole of community NRM education activities delivered in 2017-18, including: <ul style="list-style-type: none"> • 34 field days (2,057 participants) • 46 workshops (640 participants) • 6 training events (95 participants) • 122 presentations/displays (2,972 participants) • 443 forums/meetings (3,031 participants) • 93 technical reports • 36 factsheets • 22 flyers/brochures • 41 media releases • 9 newsletters • 10 videos • 206 social media posts • 7 visitor facilities installed or maintained to enhance access and/or amenity. |
| 9.1.2. Continue to support the development and implementation of programs which support land managers to act as responsive and effective stewards of our natural, cultural and productive landscapes. | Significant number of programs delivered to support private land managers implement priority management actions (e.g. revegetation, pest plant and animal control, dune reclamation, exclusion fencing, irrigation system upgrades). Delivery mechanisms included market-based instruments (e.g. tenders and incentives), and performance based grants; resulting in: <ul style="list-style-type: none"> • 156 management agreements with private land managers for delivery of NRM activities across 45,475 ha. • 2 conservation covenants established encompassing 493 ha. <p>Education/training opportunities, and ongoing technical support also provided as an integral part of these programs.</p> <p>Opportunities to enhance public land management outcomes actively sought and delivered in 2017-18 through programs such as National Landcare Program, Our Catchments Our Communities, and The Threatened Species Initiative. This supported:</p> <ul style="list-style-type: none"> • 56 management agreements/contracts/permits established with public land managers for delivery of NRM activities across some 1,786,845 ha. <p>10 on-ground demonstration sites maintained and monitored for the identification, validation and promotion of improved dryland land management practices, facilitating practice change at a scale that will directly address key regional threats (e.g. soil erosion).</p> <p>741 assessments undertaken to support the identification/validation of effective management actions; measurement of long-term condition indicators; and the monitoring of integrated threat incidence and impact monitoring programs. Examples include:</p> <ul style="list-style-type: none"> • Mallee groundwater and surface water monitoring programs. • Pre and post works rapid rabbit assessments and complementary landscape scale transect monitoring. • Mallee revegetation monitoring program. • The Living Mallee condition monitoring program. • Evaluations undertaken as part of the Mallee Community Capacity for NRM Monitoring Framework. • Pre and post works assessments of incentive/tender sites for prioritisation and performance measures. |

Continued...

Table 14 | Progress against RCS Strategic Actions for Culture and Heritage and Community Capacity for NRM. *Continued...*

| Strategic (6 Yr) Actions | 2017-18 Progress |
|--|--|
| 9.1.3. Continue to develop and implement programs which support land managers to identify, and where appropriate, respond to emerging threats and opportunities. | Planning for the repair/replacement of infrastructure impacted by 2016 flood event to support 18/19 delivery of works under Natural Disaster Relief and Recovery Arrangements has included: <ul style="list-style-type: none"> Completion of 4 cultural heritage assessments and establishment of 3 permits (access agreements for environmental works) with land manager (Parks Victoria). |
| 9.1.4. Continue to support the development and review of whole farm and landscape scale management plans which consider natural, cultural and productive landscapes | 33 dryland farmers supported to review their Environmental Management Action Plans to inform on farm NRM, encompassing 93,211 ha. 8 irrigators supported to develop Irrigation, Drainage Management Plans across 65 ha to inform system upgrades. Review and renewal of 12 environmental watering management plans and 20 delivery plans/ proposals to inform landscape scale management of the environmental water reserve. |
| 9.1.5. Continue to develop and implement programs which support Indigenous communities to promote and apply traditional ecological knowledge. | Ongoing support to, and participation in the Mallee Aboriginal Reference Group to facilitate member participation in the planning and delivery of regional NRM activities. Opportunities to incorporate and promote traditional ecological knowledge actively sought and delivered through programs such as National Landcare Program, Environmental Watering, Waterway Health, Our Catchments Our Communities, and The Living Murray. Also see 9.1.8 |
| 9.1.6. Continue to support, enhance and participate in regional NRM partnerships to plan, deliver and report on the Mallee RCS and associated management plans. | Catchment Partnerships Agreement established with key regional delivery partners as part of Our Catchments, Our Communities Strategy implementation. 3 regional steering committees established/maintained to guide the development of key management strategies and plans (Mallee Sustainable Agriculture Strategy, Mallee Floodplain Management Strategy, Victorian Mallee Irrigation Region Land and Water Management Plan). 4 regional partnership committees established/maintained to facilitate an integrated approach to the development, implementation and review of NRM activities. 2 community advisory committees supported to facilitate stakeholder input to the development, implementation and review of NRM activities. Co-investment and leveraging opportunities actively identified and delivered through programs such as National Landcare Program, Our Catchments Our Communities, Threatened Species Initiative, Sustainable Irrigation, and Waterway Health. |
| 9.1.7 Implement and review the Mallee Regional Landcare Support Strategy³⁴. | 29 regional Landcare groups provided with ongoing co-ordination support. 10 devolved grants provided to Mallee Landcare/community groups to support the delivery of local priorities. 356 Landcare group members participating in 42 awareness raising / training events. 59 publications developed to promote Mallee Landcare. |
| 9.1.8 Implement and review the Mallee CMA Indigenous Participation Plan³⁵. | Release of the Mallee CMA "Innovate" Reconciliation Action Plan (RAP). Continued effective function of the Mallee CMA Aboriginal Reference Group (ARG) in fostering communications with Aboriginal stakeholders and providing input into regional initiatives and plans. 20 Indigenous On-Country visits supported. 67 events (954 participants) Traditional Owner and Aboriginal community input into the development of key regional strategies/plans and the implementation of associated works programs. This included: <ul style="list-style-type: none"> Development of the Reconciliation Action Plan and Victorian Mallee Irrigation Region Land and Water Management Plan. Development of regional funding bids and associated implementation planning for the Commonwealth Regional Land Partnerships program and the Victorian Biodiversity Response Planning initiative. |

³⁴ Appendix 2 details all outputs specifically delivered under Mallee Regional Landcare Support Strategy in 2017-18.

³⁵ Appendix 2 details all outputs specifically delivered under Mallee Indigenous Participation Plan in 2017-18.

Case Study

LOVING OUR LAKE

The Birchip community is playing a starring role in the revitalisation of Tchum Lake South, thanks to funding from the Victorian Government's innovative "Our Catchments, Our Communities" initiative.

Identified as an important priority by the local community, the Tchum Lake South project is designed to further enhance the Lake and improve accessibility through the extension of a walking track, along with revegetation and new signage.

With the support of the Mallee CMA, the Tchum Lake Aquatic Club has installed the walking track, intended to improve

the connections between the township of Birchip and the lake. Students from Birchip P-12 school helped the Mallee CMA to plant out a new vegetation corridor along the walking trail, and also helped to develop content for a number of interpretive signs that have been installed at the site to increase awareness of the social, environmental and cultural values of Tchum Lake.

This project is one of the many tangible ways that the Mallee CMA is linking the people in our region with their environment, and providing real opportunities for the community to be involved in enhancing their local area.



Birchip P-12 School students undertaking revegetation at Tchum Lake. Credit: Mallee CMA.

Community Condition

The Community Theme reports on the overall condition of both Community Capacity for natural resource management (NRM) and Culture and Heritage in the Mallee.

Community Capacity for NRM Benchmark

Historically, no regional-scale information has existed from which condition assessments of the Victorian Mallee community's capacity for natural resource management could be made. This information gap was addressed as part of the Mallee RCS (2013-19) MERI framework through the development of a Regional Community Capacity Monitoring Tool. This tool provides a measurable and repeatable assessment of the condition of community capacity for natural resource management at a regional



scale. It is based on the Rural Livelihoods Framework, which identifies Community Capacity for NRM as a combination of human, social, natural, physical and financial capital. Scoring criteria have been assigned to each measure identified across the five categories of capital. Based on the data, each measure is scored on a five-point scale, where one indicates 'low capacity' and five indicates 'high capacity'.

The Regional Community Capacity Tool was applied during 2012-13 to collect baseline data from which scores for each of the five capitals were assigned. This assessment indicated that, overall, our community has 'medium' levels of capacity for natural resource management in the region (RMCG (2013) Mallee Regional Community Capacity for NRM: Detailed Condition Report).

Trends in overall community capacity will be determined following the re-application of the tool in 2018-19.

Community Capacity for NRM Assessment 2017-18

Community capacity for NRM in the Mallee is considered to be improving, with evidence that the activities delivered in 2017-18 will have a positive impact in the longer term.

| Assessment | Summary of 2017-18 Evidence |
|--|--|
| 2017-18 Condition  Previous 3 Year  | <p>Significant number (8,905) of stakeholders and broader community members participating in 2017-18 awareness, skill development and collaboration events.</p> <p>Evaluations identified a high level of participant satisfaction in regards to the delivery of these events. Improvements in capacity being reported by stakeholders engaged through incentive/grants programs, and by those participating in community advisory/reference groups.</p> |

Reason for assessment

Evaluation surveys undertaken for all engagement activities as part of the Mallee CMA's Targeted Community Capacity for NRM monitoring tool provide assessments on their 'effectiveness' and some measures of community capacity. Key findings in 2017-18 included:

- In 2017-18 there were 8,905 participants at some 660 individual engagement events (e.g. workshops, field days, meetings). Of those surveyed 62% rated the overall delivery of these activities as excellent, and 30% as good. In regards to their primary motivations

for participating, 73% cited 'learning about a topic', and a further 10% as 'maintaining/strengthening social connections or professional networks'. Survey respondents also reported a 66% (average) increase in their awareness of specific NRM issues as a result of their participation.

- Members of Mallee CMA Community and Partnership Advisory Committees rated the overall delivery of information at their meetings as being excellent (54%) or good (46%). Opportunities to provide feedback were also rated highly (54% excellent, 38% good), with 95% reporting that they have a high level of confidence that the feedback and advice they provided was being listened to and acted on.
- Participants in Mallee CMA tender and incentive programs identified a 'desire to contribute to the general environmental management of the region' (39%) and 'addressing priorities within my Farm Plan' (32%) as their primary reasons for participating. The level of communications and support they received through these programs was rated as either excellent (62%) or good (31%).
- These tender and incentive program participants also reported a 12% (average) increase in their skills to address specific threat processes. For example, dryland farmers rated their ability to deliver dune reclamation, salinity discharge control and re-vegetation works as improving after participating in programs designed to support their planning and implementation (Figure 8).

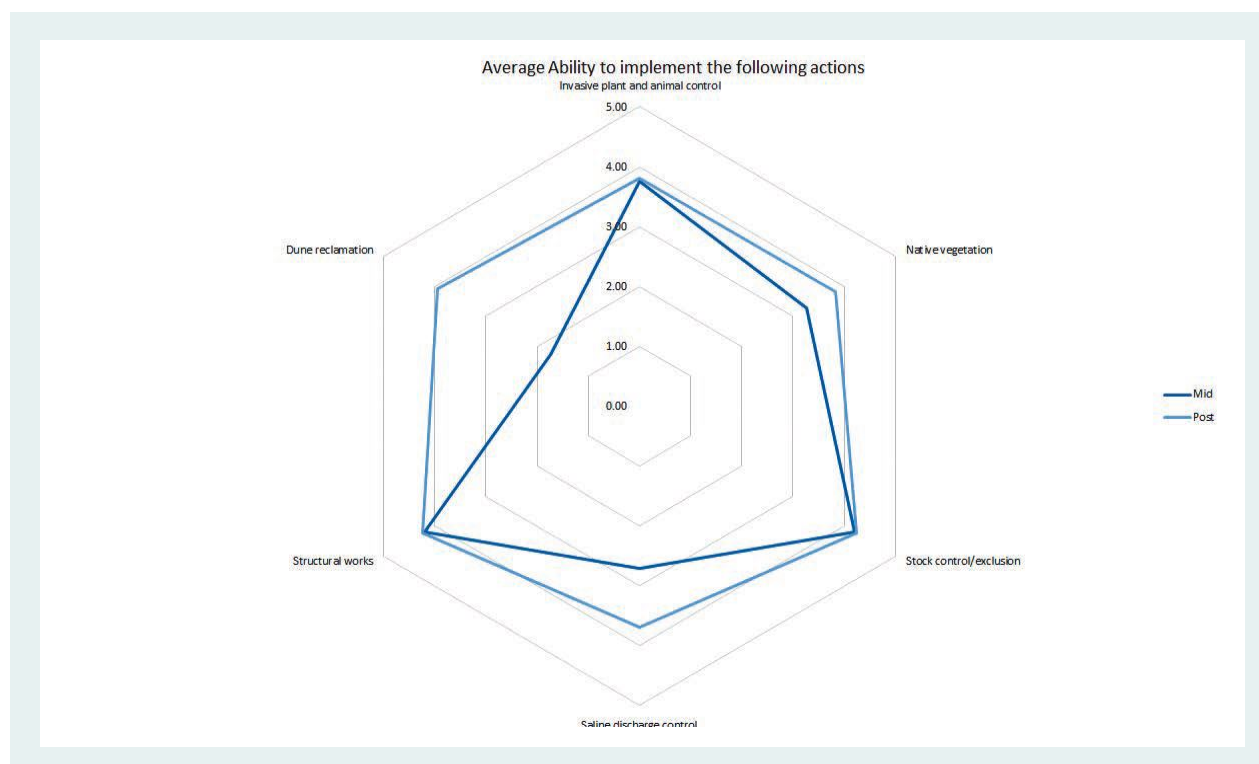


Figure 8 | Dryland tender and incentive program participants' rating of ability to implement action (pre works, and post works). Scores have been averaged to provide a benchmark between 1 (Limited Skills and Experience) and 5 (Significant Skills and Experience). Source: Mallee CMA

Case Study

CONNECTING WITH COMMUNITY

Mundaroola Day is likely to become an annual occasion, after two successful events for Aboriginal and Torres Strait Islander women helped actively involve local women in caring for the Mallee's land, water and biodiversity.

Mundaroola means 'Place of Many Women'. By hosting Mundaroola Days 2016-17 and 2017-18, the Mallee CMA and local Indigenous women have established relationships and opened communication channels, with much time spent discussing how the Mallee CMA can work together with Indigenous groups to protect and preserve local traditions and sites. Held at Lake Cullulleraine in 2017-18, the Mundaroola Day involved presentations on cultural plants and their uses, and women's use and value of water. In evaluating the event, 71% of participants rated their overall enjoyment of the activity as 'excellent', and 29% rated it as 'good', with participants commenting that they liked the informal nature of the event and that they want to participate in a similar event again with more information sharing.

The Mallee CMA also hosted the Wentworth-Merbein Common Knowledge Sharing Tour during 2017-18, which was attended by local Elders and school students. They toured culturally-significant sites at both Wentworth and Merbein Common, shared a lunch of traditional foods and learned about projects underway in the area. This tour was an opportunity to come together and allowed Elders and Mallee CMA staff to get to know each other and build relationships. Participants rated the overall organisation of the event as either excellent (83%) or good (17%), commenting that it was good to engage with others in the community and learn about Mallee CMA projects.

The goal of these on country events is to share knowledge and increase the capacity of the Aboriginal and Torres Strait Islander community to participate in NRM activities. These events have helped build people's understanding of our NRM projects, while giving the Mallee CMA more insight into how to better incorporate cultural heritage and the community into planning and delivery of our projects.



Elders, school students and Mallee CMA sharing knowledge at Merbein Common. Credit: Mallee CMA.



Culture and Heritage Benchmark

Information regarding culture and heritage sites has historically been gathered from a variety of sources including the local community, both anecdotally and from various publications and reports, through management plans, and government databases which are in turn compiled from a variety of sources. As such, the total coverage and current condition of cultural heritage sites within the region can be difficult to gauge as information on known sites is variable in quality and sites themselves continue to be identified through various processes.

As no regional scale baseline information currently exists on the condition of the region's Culture and Heritage Assets, proxy condition indicators have been established using the assumption that being listed on the relevant heritage register affords some level of protection; and that similarly, if sites are captured within a Co-Management Agreement or a Cultural Heritage Management Plan, the asset is being protected through associated threat mitigation activities.

Culture and Heritage Assessment 2017-18

The condition of Culture and Heritage assets in the Mallee is considered to be improving; with evidence that the management actions delivered in 2017-18 will have a positive impact in the longer term.

| Assessment | Summary of 2017-18 Evidence |
|--|--|
| 2017-18 Condition  Previous 3 Year  | <p>8 Cultural Heritage Management Plans (CHMP) approved and lodged with Aboriginal Victoria in 2017-18, covering 20,188 ha.</p> <p>143 additional Aboriginal features identified in 2017-18 and registered on ACHRIS, bringing the total number of sites to 5,834.</p> <p>10 additional non-Indigenous heritage sites registered, bringing the total number of sites to 536. Evidence of resources being allocated for the maintenance and restoration of these sites.</p> |

Reasons for assessment

Eight Cultural Heritage Management Plans (CHMP) were approved and lodged with Aboriginal Victoria in 2017-18, covering 20,188 ha. This represents a 13% increase from 2016-17 in the number of Plans, and a 119% increase in the area they cover.

An additional 143 Aboriginal features were also identified in the Mallee in 2017-18 and registered on ACHRIS. This represents a 2% increase, bringing the total number of registered sites in the region to 5,834. The type of features identified in 2017-18 included hearths (25), burial remains (12), scarred trees (25), shell deposits (6), and low density artefacts (56).

Non-Indigenous heritage sites include historical infrastructure, cemeteries, national parks and reserves, and parks and gardens. In 2017-18 there was a 2% increase the number of sites registered on the Victorian Heritage database and/or planning scheme heritage overlays; bringing the total number of registered sites to 536 (526 in 2016-17). There is also evidence of resources being allocated for the maintenance and restoration of sites.

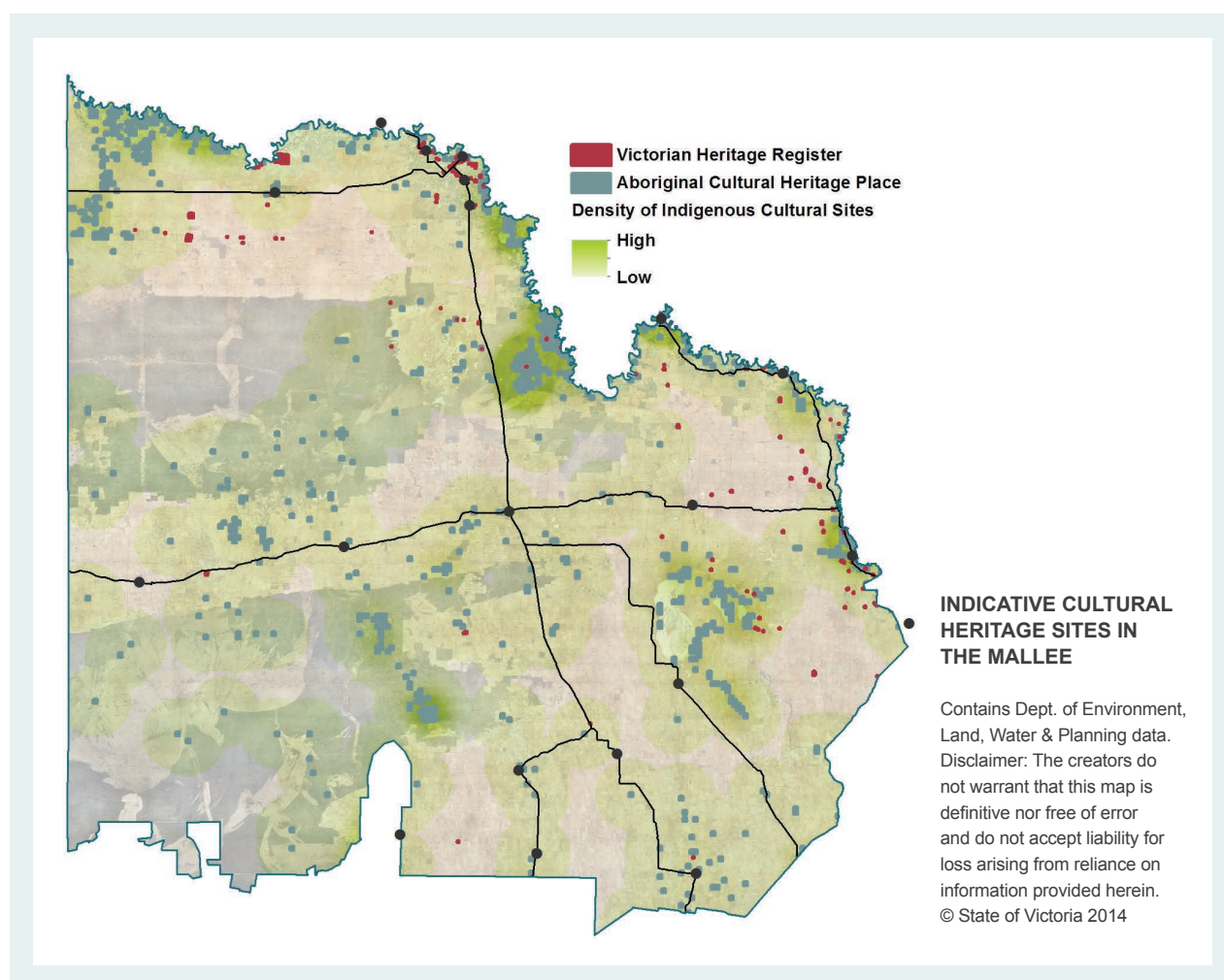


Figure 9 | Indicative Indigenous and non-Indigenous cultural heritage sites in the Mallee.

Case Study

PLANNING FOR RECONCILIATION

The 'Innovate' Reconciliation Action Plan (RAP) is the latest initiative by the Mallee CMA, in its ongoing commitment to strengthening its relationship with the region's Indigenous community and to support their aspirations and objectives in caring for Country.

The RAP looks to establish greater partnerships between the Indigenous community and the Mallee CMA in Natural Resource Management (NRM) and other related activities, including education and community engagement.

The RAP is an extension of the Indigenous Participation Plan that the Mallee CMA developed to give Aboriginal and Torres Strait Islanders a pathway into NRM in terms

of project planning, communication and implementation. It also delivers against our Cultural Competency Framework and acknowledges the Traditional Owner groups as the custodians of the land and demonstrates the value we place on their knowledge and expertise.

The Mallee CMA RAP has been endorsed by Reconciliation Australia and its implementation is monitored by a dedicated working group established as part of the Mallee CMA's Aboriginal Reference Group.



Launch of Mallee CMA Innovate Reconciliation Action Plan at Psyche Pumps. Credit Mallee CMA.

Performance Reporting - Financial

Five year financial summary

The Mallee CMA's financial results for this reporting year and the previous four years are detailed in the table below.

Table 15 | Five year financial summary.

| Five year financial summary | 2017-18 \$'000 | 2016-17 \$'000 | 2015-16 \$'000 | 2014-15 \$'000 | 2013-14 \$'000 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Revenue | | | | | |
| Commonwealth Government contributions | 5,646 | 6,252 | 4,455 | 8,984 | 9,634 |
| State Government contributions | 7,293 | 6,530 | 7,194 | 6,575 | 7,419 |
| Other revenue | 4,055 | 3,142 | 6,064 | 4,287 | 4,075 |
| Total Revenue | 17,026 | 15,924 | 17,713 | 19,846 | 21,128 |
| Expenditure | | | | | |
| Depreciation and amortisation | 438 | 407 | 259 | 240 | 191 |
| Employee expenses | 5,000 | 4,789 | 5,250 | 4,546 | 4,377 |
| Materials, maintenance, grants and consultants | 5,643 | 5,143 | 7,937 | 7,521 | 4,200 |
| Contractor expenses | 2,810 | 2,032 | 3,441 | 2,303 | 2,483 |
| Rental | 309 | 296 | 260 | 291 | 281 |
| Operating expenses | 1,479 | 1,705 | 921 | 1,397 | 1,167 |
| Total Expenditure | 15,679 | 14,372 | 18,068 | 16,298 | 12,699 |
| Assets | | | | | |
| Financial assets | 41,990 | 40,933 | 38,997 | 40,376 | 36,330 |
| Non-financial assets | 953 | 1,152 | 1,224 | 864 | 790 |
| Total Assets | 42,943 | 42,085 | 40,221 | 41,240 | 37,120 |
| Liabilities | | | | | |
| Current liabilities | 1,286 | 1,672 | 1,616 | 2,282 | 1,722 |
| Non-current liabilities | 80 | 65 | 104 | 101 | 91 |
| Total Liabilities | 1,366 | 1,737 | 1,720 | 2,383 | 1,813 |

Current year financial review

The Mallee Catchment Management 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 business objectives which form the organisation's strategic direction for 2018-19.

Mallee CMA reported a surplus of \$1,230,063 (2017: surplus \$1,847,016) for the financial year. Assets exceed liabilities by \$41,578,407 (2017: \$40,348,344). Financial assets \$41,990,761 (2017: \$40,933,404) of which \$30,466,349 is held for Salinity Offset Funds (2017: \$29,018,088).

Other revenue streams were salinity offset fund and Nyah to SA border levies of \$3,313,178 (2017: \$2,418,512), interest \$674,294 (2017: \$649,959) and sundry income \$67,590 (2017: \$73,484).

Significant changes in financial position

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

Significant changes or factors affecting performance

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

Capital projects

The Mallee CMA does not manage any capital projects.



King's Billabong.

Disclosure of grants and transfer payments

The Mallee CMA has provided assistance to certain companies and organisations. Financial assistance provided in 2017-18 was as follows:

Table 16 | Disclosure of grants and transfer payments.

| Organisation | Payments \$ | Organisation | Payments \$ |
|---|----------------|--|----------------|
| National Landcare Program - Sustainable Agriculture On-ground works for stock containment fencing, dune reclamation and salinity works. | | Salinity Offset Fund Irrigation Incentives, including system checks, system upgrades and irrigation drainage management plans. | |
| 29 Landholders | 109,149 | 52 Landholders | 214,079 |
| National Landcare Program - Biodiversity On-ground works for weed and pest animal control, habitat assessments, revegetation and stock exclusion fencing. | | Sustainable Irrigation Program Irrigation Incentives, including system checks, system upgrades and irrigation drainage management plans. | |
| Curyo-Watchupga Landcare Group | 10,000 | 20 Landholders | 181,436 |
| Berriwilllock Landcare Group | 10,000 | Improving the Health of Waterways program Pest plant and animal control, habitat mapping and track restoration. | |
| Nyah West Landcare Group | 10,000 | Nyah Lions Club | 45,000 |
| Sea Lake Landcare Group | 10,000 | Oz Fish | 30,000 |
| Manangatang Landcare Group | 10,000 | Our Catchments Our Communities Pest plant and animal control, fencing, revegetation works and track maintenance. | |
| Waitchie Landcare Group | 10,000 | Mallee Landcare Group | 19,360 |
| Kooloonong-Natya Landcare Group | 10,000 | Lalbert Landcare Group | 10,000 |
| Berriwilllock Landcare Group | 10,000 | Nullawil Landcare Group | 10,000 |
| Millewa Advisory Group | 10,000 | Culgoa Landcare Group | 20,000 |
| Millewa Carwarp Landcare | 10,000 | Birchip Landcare Group | 1,980 |
| Nyah West Landcare Group | 10,000 | Sea Lake Landcare Group | 11,064 |
| Curyo-Watchupga Landcare Group | 10,000 | Lake Tchum Aquatic Club | 27,936 |
| Sea Lake Landcare Group | 10,000 | 13 Landholders | 77,357 |
| Manangatang Landcare Group | 10,000 | Threatened Species Protection Initiative Pest plant and animal control, fencing, revegetation and stewardship works. | |
| National Mallee Fowl Recovery Group | 15,000 | Millewa Carwarp Landcare | 10,000 |
| 18 Landholders | 179,196 | Annuello Landcare Group | 9,000 |
| Buloke Shire Council | 6,364 | Mallee Landcare Group | 5,000 |
| Victorian Landcare Grants On-ground works that protect and restore the Victorian landscape. | | Murrayville Landcare Group | 5,000 |
| Hopetoun Landcare Group | 20,000 | 9 Landholders | 107,370 |
| Rainbow Landcare Group | 10,000 | Trust for Nature | 70,000 |
| Kooloonong-Natya Landcare Group | 20,000 | TOTAL | |
| Curyo-Watchupga Landcare Group | 20,000 | 1,484,191 | |
| Murrayville Landcare Group | 19,900 | | |
| Berriwilllock Landcare Group | 10,000 | | |
| Millewa Advisory Group | 20,000 | | |
| Millewa Carwarp Landcare | 20,000 | | |
| Nyah West Landcare Group | 20,000 | | |
| Waitchie Landcare Group | 20,000 | | |

Subsequent events

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

Part 2: Governance and Organisational Structure



Organisational structure & corporate governance arrangements

The organisational and governance structure of the Mallee CMA (see Figure 10 and Figure 11) provides a framework for the integrated and effective management of the region's key assets. This structure allows for efficient program planning across all areas of operation and the sharing of resources, where possible, with partner agencies and the community.

Opportunities for stakeholder involvement in priority setting and funding allocations for natural resource management in the region is enhanced through various advisory committees, comprising Board, agency and community members.

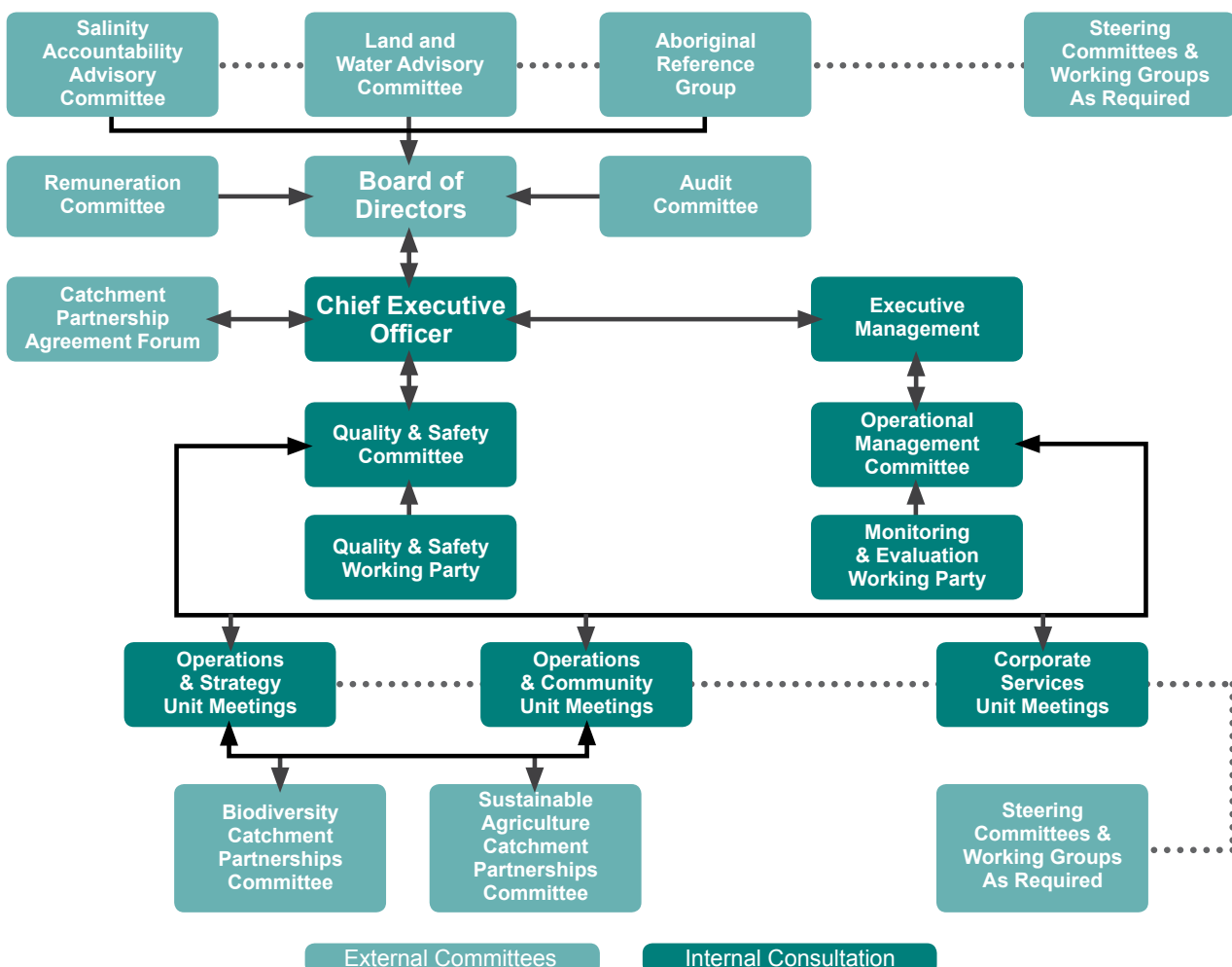


Figure 10 | Mallee CMA organisational and governance structure 2017-18.

The organisational structure of the Mallee CMA (see Figure 11) provides a framework for the integrated and effective management of the region's key assets. This structure allows for efficient program planning across all areas of operation and the sharing of resources, where possible, with partner agencies and the community.

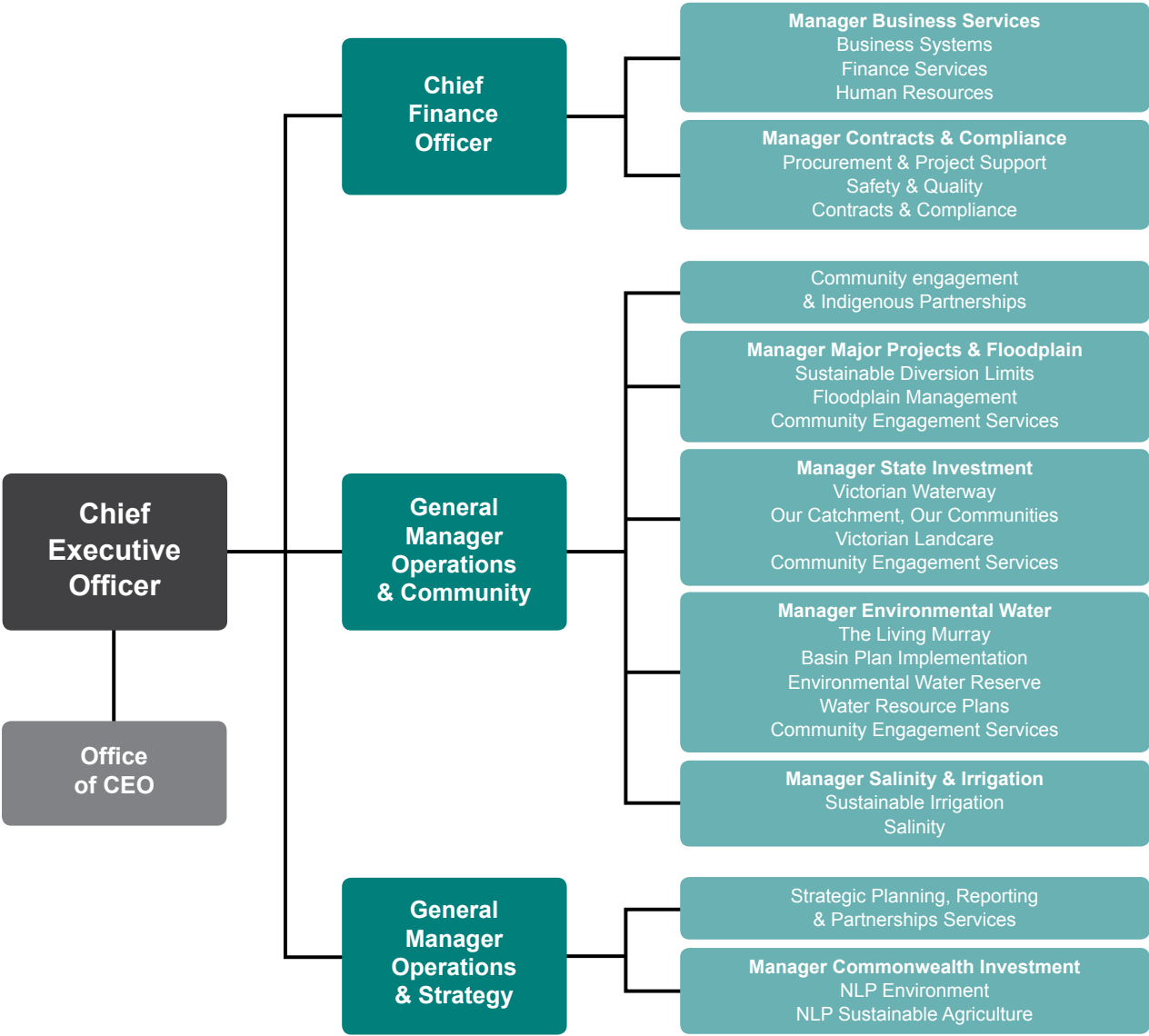


Figure 11 | Mallee CMA organisational structure 2017-18.

Governing Board

The Board is responsible for the development of strategic direction for integrated management of land and water resources in the region and ultimately for all functions undertaken by the Mallee Catchment Management Authority, including governance and reporting to the Ministers.

The Mallee CMA Board consisted of eight members until 30 September 2017 and nine members through to 30 June 2018.

Board members represent a wide range of interests including agricultural, economic, horticultural, financial auditing, law, risk management, governance, environmental issues, and human resource management. As part of their responsibilities, each Board member has a specific leadership role reflecting their individual area of expertise. Through this leadership role, a strong governance culture is realised that enables a measured and strategic approach to all business undertaken by the Mallee CMA.

Governing Board members

Sharyon Peart - Chair

Sharyon moved from Melbourne to the Mallee in 2003, where she lived on a large citrus, dried fruit and wine grape growing property at Nangiloc.

Sharyon's background in corporate business, sales, marketing and team management gave inspiration to the small business Sharyon currently owns and operates. She has been the sole director since she created the company in 2005, specialising in retail consultation, and managing women's health and wellbeing.

Sharyon served on the Mildura Rural City Council as a Councillor for nine years and gained much experience as portfolio councillor for art and education, later community services and wellbeing, and governance and finance.

Sharyon is committed to strengthening partnerships between community and government in the sustainable management of resources across our region.

Sharyon is a member of the La Trobe University's Mildura Regional Advisory Board; Deputy Chair, Lower Murray Water; a member of the Victorian Agricultural Advisory Council and a Victorian CMA representative on the Resilient Cities and Towns Reference Group.

Sharyon currently represents the Mallee CMA as:

- Chair - Mallee CMA Remuneration Committee;
- Member - Mallee CMA Aboriginal Reference Group (ARG); and
- Deputy Chair - Victorian Catchments.

Sharyon Peart was a board member during the reporting year with her current term of appointment being from 01 October 2017 to 30 September 2019.

Dr John Cooke DSc (hc), PhD - Deputy Chair

John was born in Ouyen and grew up on a Mallee wheat/sheep farm. Before retiring in 2013, John served as an extension officer, research scientist, manager and internal consultant.

As a research scientist, John led investigations of tillage systems for red/brown and Mallee soils in northern Victoria. He was the lead or sole author of 5-refereed papers, and numerous conference papers.

As a manager, John was responsible for land protection in the Mallee and other key issues across northern Victoria. John's involvement in waterway management has covered issues relevant to land tenure, reclamation, water quality and salinity, habitat protection and wetland watering programs. John also contributed significantly to land and water management across the southern Murray Darling Basin.

John is Chairperson of the Regional Advisory Board for the Mildura Campus of La Trobe University, and is a member of the Board of Mallee Family Care.

In 2015, John was awarded an honorary Doctorate of Science by La Trobe University. This was in recognition of his contribution to natural resource management and community involvement in northern Victoria.

John currently represents the Mallee CMA as:

- Deputy Chair - Mallee CMA Board; and
- Member - Mallee CMA Salinity Accountability Advisory Committee.

Dr John Cooke was a board member during the reporting year with his current term of appointment being from 01 October 2017 to 30 September 2021.

Tony Martin

Tony Martin is a horticulturist who has been involved in natural resource management in the Mallee and Murray-Darling Basin for more than 30 years.

Tony is a member of the Australian Institute of Company Directors, Dried Fruits Australia, and the Murray-Darling Basin Authority's Basin Community Committee.

Tony currently represents the Mallee CMA as:

- Chair - Mallee CMA Salinity Accountability Advisory Committee; and
- Member - Mallee CMA Audit Committee.

The current term of appointment for Tony Martin is from 01 October 2015 to 30 September 2019.

Allison McTaggart

Allison is the principal consultant at Allison McTaggart and Associates, a human resources and business consultancy firm. Her consultancy work includes strategic planning, governance, recruitment, training, corporate communications, and workplace health and safety.

Allison is a Director of Western Murray Irrigation and her family owned earthmoving business. Allison was a Director of Mallee Sustainable Farming up until 30 June 2018 and chaired the Murray Primary Health Network Community Consultative Committee over the past two years. She formerly held roles with Australian Table Grape Association as the Manager for Communications and Industry Analysis and Murray Primary Health Network as a Workforce Development Officer.

Allison's background includes 10 years as a Human Resource Manager in agribusiness, and extensive work in public relations, marketing and workforce development with the Murray Primary Health Network.

Current memberships include: Australian Human Resource Institute; Governance Institute of Australia; Institute of Community Directors Australia; and Australian Institute of Company Directors fellow.

Allison holds a Bachelor of Arts (Management Communication) and an Associate Diploma (Animal Production).

Allison currently represents the Mallee CMA as:

- Chair - Mallee CMA Audit Committee;
- Member - Mallee CMA Remuneration Committee.

Allison McTaggart was a board member during the reporting year with her current term of appointment being from 01 October 2017 to 30 September 2021.

Geoff Anderson

Geoff is a dryland farmer from the central Mallee town of Ouyen. A farmer for more than 52 years, Geoff has been involved in all aspects of improving dryland agricultural and environmental land management, particularly salinity. Over his extensive farming career, Geoff developed a keen interest in the balance between production and ecology.

Geoff was first appointed to the Mallee Catchment Management Authority (CMA) Board in 2006, after 10 years on the Mallee CMA's Land Advisory Committee.

Geoff currently represents the Mallee CMA as:

- Member - Mallee CMA Remuneration Committee.

The current term of appointment for Geoff Anderson is from 12 November 2016 to 30 September 2019.

Kellie Nulty

Kellie Nulty is a partner in a dryland farming operation at Carwarp. She also has a strong background in accounting and auditing, having worked as a practising accountant for the last 21 years in Melbourne and Mildura.

Kellie has extensive internal and external auditing experience across a variety of industries, and also has expertise in management and financial accounting; information technology; risk management; corporate governance; project management; consulting and business advice.

Kellie is a Chartered Accountant, Registered Company Auditor, Registered Superannuation Fund Auditor, and holds degrees in both Business and Computer Science. Kellie currently represents the Mallee CMA as:

- Member - Mallee CMA Land and Water Advisory Committee.

The current term of appointment for Kellie Nulty is from 12 November 2016 to 30 September 2019.

Elizabeth Marwood

Elizabeth (Liz) holds a Bachelor of Applied Science from Curtin University of Technology in Western Australia, majoring in Viticulture and Oenology. Liz has also completed a Masters of Food Culture and Communication from the University of Gastronomic Sciences in Italy. Her studies have provided her with invaluable insight into respectful agricultural production and also communication.

Currently living in the Mallee, Liz works as a local winemaker, as well as owning her own wine business and being involved in her family's wheat and sheep property.

Liz has extensive experience in broad-acre primary production, viticulture and winemaking and is on the Committee for the Australian Alternative Variety Wine Show.

Liz currently represents the Mallee CMA as:

- Member - Mallee CMA Salinity Accountability Advisory Committee.

The term of appointment for Liz Marwood was from 12 November 2016 to 30 September 2019. Liz resigned this appointment on 27 June 2018.

Robert Matthews

Having grown up on the family farm at Meringur, Robert Matthews has been involved in dryland wheat and sheep farming his whole life. After 13 years in the Commonwealth public service working in employment counselling, Robert returned to full time farming in 1998. Robert's main area of expertise is dryland farming, however he is looking forward to being involved in all areas of natural resource management as part of the Mallee CMA Board.

Combating soil erosion has always been a major priority for Robert. His current focus is on resource efficiency and the further development of biological farming methods known as the Mallee Natural Farming System 3.

Robert is currently serving as: Director of the Red Cliffs Association Board; Secretary of the Koorlong Hall committee; and member of the Mallee Natural Food Group Board. Robert is also the sole director of Kurnwill Quarries.

Robert currently represents the Mallee CMA as:

- Member - Mallee CMA Land and Water Advisory Committee.

The current term of appointment for Robert Matthews is from 01 October 2017 to 30 September 2021.

Jacquelyn Turfrey

Jacquelyn has a Graduate Diploma in EO Admin (1989) and a LLB (Hons) from the University of Melbourne (1999).

Jacquelyn is a commercial barrister, signing the bar roll in 2011; is an accredited mediator; and has been practising law for 17 years.

Jacquelyn was an independent non-executive director of Aboriginal Housing from 2006 to 2016 and Worawa Aboriginal College from 2016 to 2017.

Jacquelyn brings extensive experience from the financial services sector where she was in-house counsel, a company secretary and a director of a number of subsidiary entities of National Australia Bank. She was in a leadership role in global banking risk management and governance with that institution. Jacquelyn also has experience in private legal practise, in the Commonwealth Government and recently spent three years at the senior executive level in the Victorian Public Service in the Departments of Justice and Regulation, and Premier and Cabinet.

Jacquelyn has unique experience and understanding as a result of working in government and the corporate and private sectors and has significant commercial experience. Jacquelyn has worked in Perth in the mining industry and represented the Yawuru Native Title holders in settlement negotiations with the Western Australian Government. Jacquelyn also established the company structures, frameworks and operations of the entities associated with the Yawuru Corporate Group, including acting as the Chief Executive Officer of such entities for a period of time.

Jacquelyn currently represents the Mallee CMA as:

- Member - Mallee CMA Audit Committee;
- Proxy - Mallee CMA Aboriginal Reference Group.

The current term of appointment for Jacquelyn Turfrey is from 01 October 2017 to 30 September 2021.

John Arnold

John was a dried fruit and citrus grower for 29 years, and he owned and operated an aluminium manufacturing business for 18 years. John is the Festival Coordinator for the annual Mildura Country Music Festival.

John has a Diploma from the Australian Institute of Company Directors (GAICD) and has served on a number of Boards and Committees in the Mildura and Merbein communities. He was a Councillor with the Mildura Rural City Council for 14 years and served four terms as Mayor.

John represented the Mallee CMA as:

- Chair - Mallee CMA Audit Committee;
- Member - Mallee CMA Remuneration Committee.

The term appointment for John Arnold concluded on 30 September 2017.

Board meetings attended

Eleven Ordinary Board Meetings (OBMs) were held during the 2017-18 financial year. The Board Chair approved all Board member absences during the reporting period.

Table 17 | Board membership, terms and meeting attendance 2017-18.

| Board Member | Appointed | Appointment review | Eligible meetings | Attended meetings |
|----------------------------------|------------------|--------------------|-------------------|-------------------|
| Sharyon Peart ⁽¹⁾ | 01 October 2017 | 30 September 2019 | 11 | 10 |
| John Cooke ⁽¹⁾ | 01 October 2017 | 30 September 2021 | 11 | 10 |
| Allison McTaggart ⁽¹⁾ | 01 October 2017 | 30 September 2021 | 11 | 9 |
| Tony Martin | 01 October 2015 | 30 September 2019 | 11 | 8 |
| Geoff Anderson | 12 November 2016 | 30 September 2019 | 11 | 11 |
| Kellie Nulty | 12 November 2016 | 30 September 2019 | 11 | 10 |
| Elizabeth Marwood ⁽³⁾ | 12 November 2016 | 30 September 2019 | 11 | 6 |
| Robert Matthews | 01 October 2017 | 30 September 2021 | 8 | 8 |
| Jacquelyn Turfrey | 01 October 2017 | 30 September 2021 | 8 | 8 |
| John Arnold ⁽²⁾ | 14 October 2013 | 30 September 2017 | 3 | 3 |

⁽¹⁾ Re-appointed during 2017-18 financial year.

⁽²⁾ Member of the Mallee CMA Board for the first three OBMs held during the reporting period.

⁽³⁾ Resigned from Mallee CMA Board 27 June 2018.

Audit Committee membership and roles

The audit committee consisted of the following members in 2017-18:

- John Arnold, Mallee CMA Board Member (Audit Committee Chair to 30 September 2017)
- Allison McTaggart, Mallee CMA Board Member (Audit Committee Chair from 25 October 2017)
- Tony Martin, Mallee CMA Board Member
- Jacquelyn Turfrey, Mallee CMA Board Member
- Grant Martinella, Independent Member
- Inga Dalla Santa, Independent Member

The role of the Audit Committee is to oversee and advise the Mallee CMA on matters of accountability and internal control affecting its operations. Key responsibilities of the audit committee include the oversight of:

- Financial performance and the financial reporting process, including the annual financial statements;
- The scope of work, performance and independence of internal audit;

- The scope of work, performance and independence of external auditor;
- The operation and implementation of the risk management framework;
- Matters of accountability and internal control affecting the operations of the Mallee CMA;
- The effectiveness of management information systems and other systems of internal control;
- Review of Governance Policies; and
- The Mallee CMA's process for monitoring compliance with laws and regulations and its own code of conduct and code of financial practice.

Members are appointed by the Board with terms concurrent to Board member terms, and are subject to the committee's terms of reference.

Meetings are held monthly, and at any other time on request of a committee member or the internal or external auditor. In the reporting period 2017-18, the committee met 11 times. Attendance of committee members is detailed in the table below.

Table 18 | Audit Committee membership, terms and attendance 2017-18.

| Member | Appointed | Appointment review | Eligible meetings | Attended meetings |
|-------------------|------------------|--------------------|-------------------|-------------------|
| John Arnold | 25 November 2015 | 30 September 2017 | 3 | 3 |
| Allison McTaggart | 25 October 2017 | 30 September 2021 | 11 | 11 |
| Tony Martin | 25 October 2017 | 30 September 2019 | 11 | 10 |
| Jacquelyn Turfrey | 25 October 2017 | 30 September 2021 | 7 | 5 |
| Grant Martinella | 14 December 2015 | 14 December 2018 | 11 | 10 |
| Inga Dalla Santa | 24 February 2016 | 24 February 2019 | 11 | 11 |

Board committees

An Audit Committee, Remuneration Committee, Salinity Accountability Advisory Committee, and community committees of the Board, act on the Board's behalf, as deemed necessary. Appropriate advisory committees ensure projects are properly guided and that funds are spent wisely.

Remuneration Committee

The primary purpose of the Remuneration Committee is to assist the Board to discharge its responsibilities in the following areas:

- Setting the process for the recruitment and selection of the Chief Executive Officer (CEO);
- Setting the performance goals for the CEO for the forthcoming year;

- Conducting a performance evaluation of the CEO;
- Considering and determining the salary and remuneration package of the CEO, taking into account appropriate external and internal benchmarks;
- Ensuring reporting disclosures related to remuneration meet the Board's disclosure objectives and all relevant legal requirements; and
- Other responsibilities as the Board may delegate to the Remuneration Committee from time to time.

The members of the Remuneration Committee during the reporting period were:

- Sharyon Peart, Mallee CMA Board Chair - Chair;
- Allison McTaggart, Mallee CMA Board Member and Audit Committee Chair; and
- Geoff Anderson, Mallee CMA Board Member.

The Remuneration Committee met once during the reporting period.

Salinity Accountability Advisory Committee

The Salinity Accountability Advisory Committee (SAAC) is pursuant to the Mallee CMA's obligations under the *Catchment and Land Protection Act 1994* and delegated responsibilities under the Victorian *Water Act 1989*.

The prime responsibility of the SAAC is to provide advice to the Mallee CMA Board on:

- All matters relating to Accountable Actions under Schedule B of the Murray-Darling Basin (MDB) Agreement at the regional level;
- The management and maintenance of the Mallee Regional Salt Register; and
- Administration of the Salinity Offset Charges, which are collected to specifically offset Nyah to the South Australian (SA) Border Irrigation Development salinity impact.

The SAAC is not a decision-making body. In broad terms, the committee allows detailed attention to be given to particular matters, and then makes recommendations to the Mallee CMA Board for consideration. The committee may seek specific advice from stakeholders in relation to matters under review before making recommendations to the Board.

Members of the SAAC during the 2017-18 reporting period:

Mallee CMA representatives:

- Tony Martin - SAAC Chair, Board representative (OBM No. 224, 25 October 2017)
- John Cooke - Board representative (OBM No. 224, 25 October 2017)
- Liz Marwood - Board representative (OBM No. 224, 25 October 2017)
- Don Arnold - Manager Salinity and Irrigation

Agency representatives:

- Philip Endley - Lower Murray Water, Board member
- Andrew Kremor - Lower Murray Water, Staff member
- Susan Ryan - Coordinator, Department of Environment Land Water and Planning

Community members:

- Peter Jones - Community Member
- Owen Lloyd - Community Member

Executive Officer:

- Karuppan Sakadevan - Mallee CMA, Salinity and Irrigation Project Officer

Observer:

- Maggie Xipolitis, Department of Environment, Land, Water and Planning.

The Salinity Accountability Advisory Committee met four times during the reporting period.

Land and Water Advisory Committee

In accordance with the Mallee CMA Land and Water Advisory Committee (LWAC) Terms of Reference, the core function of the LWAC is to:

- Provide general advice to the Board on the development and delivery of projects and programs from a community perspective; and
- Advise management and the Board on process and appropriate levels of community ownership, consultation and engagement.

The LWAC may also be requested by the Board to provide feedback on issues identified by the Board as necessitating a community perspective.

Table 19 | LWAC membership, terms and attendance record 2017-18.

| Member | Appointed | Appointment review | Eligible meetings | Attended meetings |
|-----------------------------------|---------------|--------------------------|-------------------|-------------------|
| Bill Nicol ⁽¹⁾ (Chair) | 23 March 2016 | Passed away January 2018 | 3 | 1 |
| Ron Wiseman | 23 March 2016 | Concluded 20 April 2018 | 5 | 4 |
| Keith Barber | 23 March 2016 | 20 April 2020 | 5 | 3 |
| Maria Riedl | 23 March 2016 | 20 April 2020 | 5 | 5 |
| Andrew Menzies | 23 March 2016 | 20 April 2020 | 5 | 3 |
| Eddie Lee | 23 March 2016 | 20 April 2020 | 5 | 0 |
| Robert Biggs | 24 April 2018 | 30 June 2022 | 5 | 3 |
| Andrew Hudson | 24 April 2018 | 30 June 2022 | 5 | 3 |
| Owen Lloyd | 24 April 2018 | 30 June 2022 | 5 | 5 |
| Graham McKechnie | 24 April 2018 | 30 June 2022 | 5 | 3 |
| Brian Ebery | 24 April 2018 | 30 June 2022 | 0 | 0 |
| Monica Munro | 24 April 2018 | 30 June 2022 | 0 | 0 |

⁽¹⁾ Following the passing of the Chair, the LWAC nominated James Kellerman, Mallee CMA General Manager Operations and Community, as Acting Chair for the remainder of the appointed term, 20 April 2018.

The LWAC met five times during the 2017-18 reporting period.

Appointed Board representatives on the LWAC (OBM No. 224, 25 October 2017):

- Kellie Nulty; and
- Robert Matthews.

Aboriginal Reference Group

In accordance with the Mallee CMA Aboriginal Reference Group Terms of Reference, the core function of the ARG is to provide advice and guidance to the Mallee CMA on:

- How to engage Aboriginal stakeholders in relevant NRM project planning;
- Aboriginal stakeholder needs and environmental values, including how these may be addressed through the organisation's work; and
- Emerging Aboriginal stakeholder issues and perspectives relevant to NRM.

The ARG may also be requested by the Board to provide feedback on issues identified by the Board as necessitating a community perspective.

The ARG met four times during the 2017-18 reporting period. At least one Board member attends ARG meetings.

Appointed Board representatives on the ARG (OBM No. 224, 25 October 2017):

- Sharyon Peart; or
- Jacquelyn Turfrey (proxy).

Table 20 | ARG membership, terms and attendance record 2017-18 reporting.

| Member | Appointed | Appointment review | Eligible meetings | Attended meetings |
|---------------------------------------|---------------|-------------------------|-------------------|-------------------|
| Charlene Davis (Chair) ⁽¹⁾ | 28 April 2016 | Concluded 27 April 2018 | 4 | 3 |
| Leigh Fuller | 26 April 2017 | 25 April 2019 | 4 | 2 |
| Norman Wilson | 26 April 2017 | 25 April 2019 | 4 | 4 |
| Brett Harrison | 26 April 2017 | 25 April 2019 | 4 | 2 |
| Robbie Fry | 24 April 2018 | 30 June 2019 | 4 | 3 |
| Veronica Harradine | 24 April 2018 | 30 June 2019 | 4 | 2 |
| Andrew Kirby | 24 April 2018 | 30 June 2020 | 1 | 1 |
| Robby Knight | 24 April 2018 | 30 June 2020 | 1 | 1 |
| Kathy Potter | 24 April 2018 | 30 June 2020 | 1 | 1 |
| Marie Murray | 24 April 2018 | 30 June 2020 | 1 | 0 |
| Michael Carter | 27 April 2016 | Concluded 27 April 2018 | 4 | 0 |
| Melissa Jones | 27 April 2016 | Concluded 27 April 2018 | 4 | 0 |
| Ada Peterson | 27 April 2016 | Concluded 27 April 2018 | 4 | 0 |
| Rose Kirby | 27 April 2016 | Concluded 27 April 2018 | 4 | 3 |

⁽¹⁾ Chair term expired 27 April 2018. James Kellerman, Mallee CMA General Manager Operations and Community, nominated as Acting Chair, with formal appointment of ARG Chair to be made in July 2018.



Part 3: Workforce Data

Employment and conduct principles

The Mallee CMA 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 core capabilities against the Mallee CMA Workforce Capability Framework without discrimination. Employees have been correctly classified in workforce data collections.

Public Sector Values and Employment Principles

The Mallee CMA adheres to the *Public Administration Act 2004* (PAA). The PAA established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

To ensure the values of this legislation are embedded within the Mallee CMA's workplace, the Mallee CMA has introduced policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues including recruitment, redeployment, managing under performance and discipline. The Mallee CMA has advised its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

Occupational Health, Safety and Wellbeing

The Mallee Catchment Management Authority (CMA) is committed to the effective management of occupational health, safety and wellbeing, which ranks equally with all other operational considerations.

It is the aim of Mallee CMA to minimise the risk of injury and disease to our employees and other persons by adopting a planned and systematic approach to the management of occupational health and safety, and providing the resources for its successful implementation and continuous improvement.

An independent review of the Mallee CMA OHS management system was conducted in late 2016. The results of the review guided Occupational Health, Safety and Welfare (OHS&W) system improvements in 2017/18. The development of an OHS Strategy and Plan for the implementation of system improvements was paramount to addressing key focus areas identified within the review. During the past year, the Mallee CMA:

- Has implemented an OHS plan to prioritise actions aimed at improving safe systems of work and safety performance;
- Developed a training needs-analysis to identify specific safety training requirements of employees;
- Identified information technology solutions for:
 - conducting online training;
 - recording training competence; and
 - streamlining safety reporting and data analysis.
- Enhanced harmonisation of safety systems through participation in the Victorian CMA OHS Forum.

Considerable effort has been invested in encouraging the reporting of all categories of hazards as part of our commitment to retaining ISO 9001:2015 certification for our Quality Management System. This increased effort and subsequent improved employee understanding of the importance of hazard reporting is illustrated by the 2017-18 reporting results.

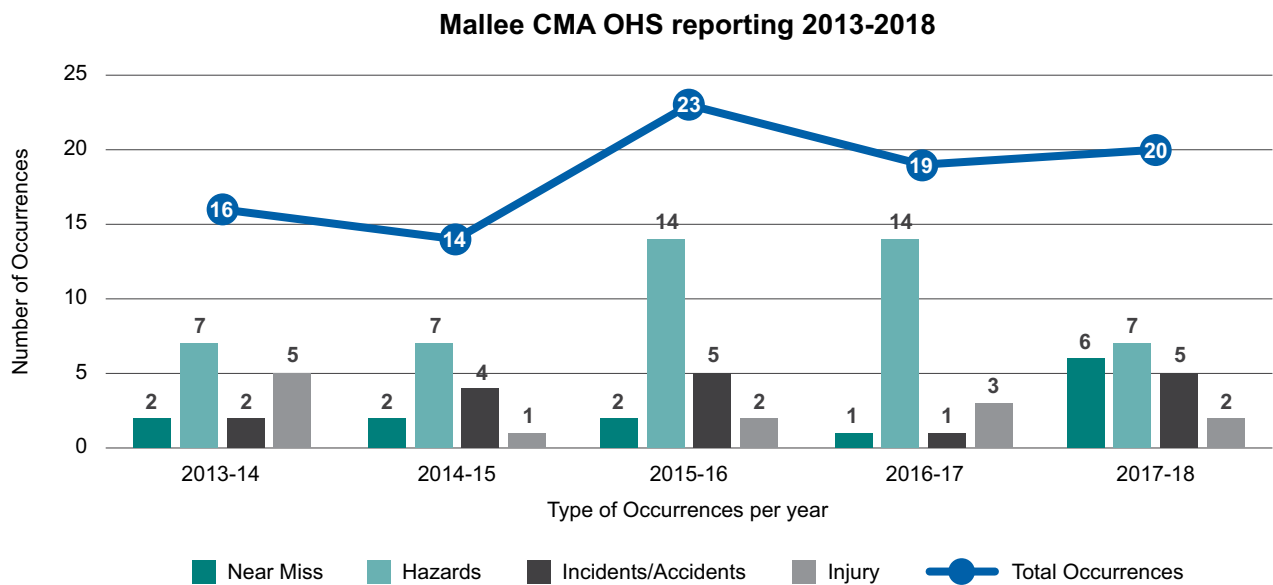


Figure 12 | Mallee CMA OHS reported occurrences for past five years.

Incident Management

Safety related occurrences across the Mallee CMA increased by 5% in 2017-18. Occurrences include 'near-misses', workplace hazards, incident/accidents and incidents resulting in reported injuries. In real terms, the increase equates to only 1 additional reported occurrence compared with the previous year. While reported occurrences were slightly up, the number of incidents resulting in injury fell.

There were no notifiable incidents reported by the Mallee CMA to WorkSafe during the reporting period. Notifiable incidents are those which require reporting to WorkSafe in accordance with s37 of the *Occupational Health Safety Act 2004* (OHS Act).

The number of standard claims remained the same as for the past two reporting periods. Given the low number of claims there was no trend identified in types or instances reported for this year.

However, across a five year period, manual handling incidents resulting in musculoskeletal disorders contributed to 50% of injuries. This trend identified a focus on safe systems of manual handling, improvements to work practices and education and training for employees in regard to manual handling best practice.



Working on-ground.

Table 21 | Performance against OHS management measures.

| Measures | Key Performance Indicators | 2017-18 | 2016-17 | 2015-16 |
|---------------------------------------|--|-----------|-----------|-----------|
| Incidents | Number of incidents (rate per 100 FTE) | 40 | 39 | 37 |
| Claims | Number of claims (rate per 100 FTE) | 4 | 4 | Nil |
| | Number of lost time claims (rate per 100 FTE) | 2 | 2 | Nil |
| | Number of claims exceeding 13 weeks (rate per 100 FTE) | Nil | Nil | Nil |
| Fatalities | Fatality claims | Nil | Nil | Nil |
| Claim costs | Average cost per standard claim | \$0 | Nil | Nil |
| Return to work | Percentage of claims with return to work plans <30 days | Nil | Nil | Nil |
| Management commitment | Evidence of OH&S policy statement, OH&S objectives, regular reporting to senior management of OH&S, and OH&S plans (signed by CEO or equivalent) | Completed | Completed | Completed |
| | Evidence of OH&S criteria(s) in purchasing guidelines (including goods, services and personnel). | Completed | Completed | Completed |
| Consultation and participation | Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs), and issue resolution procedures (IRPs). | Completed | Completed | Completed |
| | Compliance with agreed structure on DWGs, HSRs, and IRPs | Completed | Completed | Completed |
| Risk management | Percentage of internal audits/inspections conducted as planned. | 100% | 100% | 100% |
| | No. of Improvement Notices issued across the Department by WorkSafe Inspector | Nil | Nil | Nil |
| | Percentage of issues identified actioned arising from: | | | |
| | Internal audits | 100% | 100% | 100% |
| | HSR provisional improvement notices (PINs) | Nil | Nil | Nil |
| | Worksafe Notices | Nil | Nil | Nil |
| | Percentage of managers and staff that have received OH&S training: | | | |
| | Induction | 100% | 100% | 100% |
| | Management training | 100% | 100% | 100% |
| | Contractors, temps, and visitors | 100% | 100% | 100% |
| | Percentage of HSRs trained: | | | |
| | Acceptance of role | 100% | 100% | 100% |
| | Re-training or refresher training | 100% | 100% | 100% |
| | Reporting of incidents and injuries | 100% | 100% | 100% |

Comparative Workforce Data

The following table discloses the head count and full-time staff equivalent (FTE) of all active public service employees of the Mallee CMA, employed in the last full pay period in June of the current reporting period, and in the last full pay period in June of the previous reporting period (2017).

Employees have been correctly classified in workforce data collections.

Table 22 | Details of employment levels in June 2017 and 2018 ⁽ⁱ⁾.

| | June 2018 | | | | | | June 2017 | | | | | |
|------------------------|---------------|--------------|-------------------------|--------------|---------------------|--------------|---------------|-------------|-------------------------|-------------|---------------------|------------|
| | All Employees | | Ongoing ⁽ⁱⁱ⁾ | | Fixed term & Casual | | All Employees | | Ongoing ⁽ⁱⁱ⁾ | | Fixed term & Casual | |
| | Head count | FTE | Head count | FTE | Head count | FTE | Head count | FTE | Head count | FTE | Head count | FTE |
| Gender | | | | | | | | | | | | |
| Male | 25 | 23.1 | 18 | 17.8 | 7 | 5.3 | 25 | 24.4 | 24 | 23.6 | 1 | 0.8 |
| Female | 31 | 26.45 | 21 | 19.2 | 10 | 7.25 | 27 | 24 | 25 | 23 | 2 | 1 |
| Self-described | n | n | n | n | n | n | n | n | n | n | n | n |
| Age | | | | | | | | | | | | |
| 15-24 | | | | | | | | | | | | |
| 25-34 | 10 | 10 | 6 | 6 | 4 | 4 | 12 | 11.2 | 12 | 11.2 | | |
| 35-44 | 19 | 15.4 | 14 | 12.6 | 5 | 2.8 | 16 | 14.2 | 15 | 13.6 | 1 | .6 |
| 45-54 | 16 | 14.35 | 10 | 10 | 6 | 4.35 | 12 | 11.6 | 12 | 11.6 | | |
| 55-64 | 9 | 8.8 | 8 | 7.8 | 1 | 1 | 12 | 9.6 | 10 | 8.4 | 2 | 1.2 |
| 65+ | 2 | 1 | 1 | 0.6 | 1 | 0.4 | | | | | | |
| Classification | | | | | | | | | | | | |
| CEO | 1 | 1 | 1 | 1 | | | 1 | 1 | 1 | 1 | | |
| General Managers | 3 | 3 | 3 | 3 | | | 3 | 3 | 3 | 3 | | |
| Managers | 7 | 6.4 | 7 | 6.4 | | | 7 | 6 | 7 | 6 | | |
| Project/ Support Staff | 45 | 39.15 | 28 | 26.6 | 17 | 12.55 | 41 | 38.4 | 38 | 36.6 | 3 | 1.8 |
| Total | 56 | 49.55 | 39 | 43.45 | 17 | 12.55 | 52 | 48.4 | 49 | 46.6 | 3 | 1.8 |

'n' denotes that no data has been collected

⁽ⁱ⁾ Excluded are external contractors/consultants, and temporary staff employed by employment agencies.

⁽ⁱⁱ⁾ Ongoing employees include people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.

Workforce Inclusion Policy

The Mallee CMA's Diversity and Inclusion Plan 2017-2023 was approved by the Minister for Water in September 2017. Based on the data provided in the Plan, the Minister commented that "the Mallee CMA statistics are above average for the sector and showing that our diversity data is one of the best in the sector".

The Mallee CMA is in the early stages of implementing the policy therefore comparative and performance data is not yet available. We will aim to:

- Model inclusive leadership becoming an employer of choice in our region;
- Endeavour to model our workforce diversity with community diversity delivering services that meet the community needs for managing our natural resources;

- Build a resilient organisation, promote inclusive and sustainable practices and foster innovation;
- Ensure workforce policies and procedures reflect diversity and inclusion principles;
- Create an informed culture around unconscious bias behaviours improving our decision making practices;
- Develop awareness programs for personal and team development engendering a culture of inclusion in everything we do; and
- Improve employee engagement in process, growth and team development.

The following table outlines the Mallee CMA's actual progress to date.

Table 23 | Progress against Diversity and Inclusion policy initiative.

| Diversity and Inclusion policy initiative | | Target | Actual progress in 2017-18 |
|---|---|---|---|
| Ensure workforce policies and procedures reflect diversity and inclusion principles | Ensure appropriate gender balance in recruitment/selection panels | One (1) gender representative on each panel | 1. Developed a Workforce Capability Framework to ensure consistency in capability expectations when designing jobs and assessing applicants – September 2017 2. Recruitment and Selection Policy updated - 22 May 2018 3. Panel composition as per the target is at 100% compliance |
| | Development of recruitment strategies and processes to encourage a diverse range of candidates for vacant positions | Increase in gender balance from applicants | 1. Introduced 6 new recruitment strategies – September 2017 |

Executive Officer Data

An executive officer (EO) is defined as an executive under Part 3 of the *Public Administration Act 2004* (Vic) or a person to whom the Victorian Government's Policy on Executive Remuneration in Public entities applies.

The Mallee CMA does not have any executive officers that meet the definition of Financial Reporting Directions (FRDs) 15E and 21C disclosures of responsible persons

and executive officers, other than ministers and the accountable officer, during the reporting period.

The accountable officer's remuneration has been disclosed in financial statements note 8.5 Related Parties.

During the reporting period the Mallee CMA had one employee on a Government Sector Executive Remuneration Panel (GSERP) contract who is female.

Part 4: Other Disclosures

Expenditure of funds within the Mallee Salinity Investment Plan 2017-18

Under the Ministerial 'policies for managing water use licences in salinity impact zones (2007)', each megalitre of new or increased Annual Use Limit (AUL) attracts a capital charge to contribute towards the cost of works or measures to offset salinity impacts. Each new or increased AUL will also attract an ongoing charge to contribute towards the cost of operating and maintaining works and measures to offset salinity impacts.

All charges associated with new or increased AUL are collected by water authorities and forwarded annually to the Mallee CMA.

Funds forwarded to the Mallee CMA in 2017-18 totalled \$3,215,519 (excludes Nyah to SA border levies).

Total expenditure in 2017-18 within the Mallee Salinity Investment Plan was \$2,264,289. Projects delivered included:

- Implementation of a governance framework to deliver regional monitoring and reporting obligations under the *Water Act 2007* (Cth) and *Catchment and Land Protection Act 1994* (Vic). Inclusive of annual estimates of salinity impacts and development of an investment plan to undertake works to offset the impact (\$235,544);
- The Mallee On-farm Irrigation Incentives Program funds infrastructure works and measures that generate salinity benefit for Victoria. The program focused on assisting irrigators in the upgrade of on farm infrastructure to generate water use efficiency outcomes. This investment provided opportunity for additional offset credit claims for Reduced Salinity Impacts (RISI) on a temporary basis (\$354,112);
- A program of work to review and refine the successful Salinity Impact Zoning Framework Model was commenced. The zoning framework review aims to improve the estimation of salinity impact from irrigation within the Mallee region following significant investment from both the public and private sector in technologies that actively reduce the salinity impact of irrigation (\$595,718);
- The 2018-19 capital works program was successfully delivered and included a significant groundwater bore reconditioning program and a number of strategic investigations to inform future capital projects that will actively reduce salinity impact or provide data to support the success of existing interventions (\$102,606);
- The Geospatial Mapping project delivered aerial imagery of the Mallee irrigation footprint. The project was completed with co-investment and will enable the 2019 Mallee Irrigated Region Crop Report, (Crop Report), to be developed in the coming financial year. The Crop Report is a pivotal document released every three years and is used for both numerical and analytical models to estimate groundwater recharge associated with changes in irrigation areas and irrigation efficiency. The document is widely used by both other government and non-government parties to assist with local planning and regional development investigations (\$94,251);
- Investment in the Regional Capacity Development Project has facilitated the development and implementation of a communications strategy addressing a loss of community based salinity knowledge as new entrants to the irrigation community replace retiring irrigators. Community understanding and input into the salinity management framework is critical to the regions ability to maintain compliance under the Basin Salinity Management System Framework. Over the reporting period the campaign brand 'The salt beneath our feet' was released at a series of public and online forums engaging community on salinity related topics (\$158,328);
- Annual data collection from Mallee groundwater observation bores (\$124,971) and irrigation drainage monitoring stations (\$177,232) helped to support and refine salinity impact assessments that generated salinity credits and debits for the region. This project involves collection and management of groundwater level and salinity data at 531 monitoring bores visited on an annual, quarterly or biennial basis and collection and management of salinity and flow data from 19 irrigation drainage outfall sites and three river sites. The data will inform the next periodic review for specific accountable actions within the region;

- A groundwater bore maintenance and reconditioning program was successfully delivered following a bore network condition investigation conducted in 2015-16. The network has bores dating back to the 1970s and many were suffering from obstructions, blockages, stale water and accumulated sediments. Newer bores were missing critical construction data such as vertical elevations which are required to enable more accurate calculation of depth to groundwater. The bore network continues to provide invaluable data to the Basin Salinity Management Strategy (BSMS) Register A & B items, catchment condition assessments and accountable action reviews (\$238,891);
- The establishment of specialist scientific review to assist with new irrigation development proposals that are seeking higher water use. The additional technical review capacity enables irrigators to present scientific evidence that their production system utilises the water, and will not contribute increased salt loads to the river from changing crop types and irrigation strategies. This activity contributes to the broader objective of refining and communicating salinity management policy in response to emerging issues and supporting sustainable irrigation (\$90,114); and
- Satellite based estimation of crop water use and root zone drainage was completed and has played a critical role in modelling work that estimates the salinity impact of new irrigation developments and verifies that the benefits of improved irrigation practices associated with Reduced Irrigation Salinity Impacts credit claims (\$92,699).

In addition to the portfolio of work outlined above, the Mallee CMA received salinity offset fund contributions of \$3,215,519 during the reporting period. The balance of funds as at 30 June 2018 is \$30,466,349. These funds are segregated for operational and capital expenditure for the purpose of offsetting the salinity impact of new irrigation development in the Mallee Region, and to maintain the regions compliance with State and Federal requirements as they relate to salinity impact and mitigation.

Local Jobs First - Victorian Industry Participation Policy

The Mallee CMA has no contracts commenced and/or completed to which the Local Jobs First - VIPP applied in the reporting period.

Government advertising expenditure

Mallee CMA expenditure in the 2017-18 reporting period on government campaign expenditure was nil.

Consultancy expenditure

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

In 2017-18, there were 51 consultancies where the total fees payable to the consultants was \$10,000 or greater. The total expenditure incurred during 2017-18 in relation to these consultancies was \$3,670,381 (excl. GST).

Details of individual consultancies are outlined on the Mallee CMA's website, at <http://www.malleecma.vic.gov.au/resources/corporate-documents>

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

In 2017-18, there were 36 consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2017-18 in relation to these consultancies was \$129,146 (excl. GST).

The following definitions are applied in calculating the aforementioned amounts:

- Contractor - A contractor is an individual or organisation that is formally engaged to provide works or services for or on behalf of an entity.
- Consultant - A consultant is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through: provision of expert analysis and advice; and/or development of a written report or other intellectual output.

Information and Communication Technology (ICT) expenditure

For the 2017-18 reporting period, the Mallee CMA had a total ICT expenditure of \$ 651,564.81, with the details shown below.

Table 24 | ICT expenditure 2017-18.

| All operational ICT expenditure | ICT expenditure relating to projects to create or enhance ICT capabilities | | |
|---|--|--------------------------------|-----------------------------|
| Business As Usual (BAU) ICT expenditure | Non-Business As Usual (Non-BAU) ICT expenditure | Operational expenditure (OPEX) | Capital expenditure (CAPEX) |
| Total | Total (A + B) | A | B |
| \$631,093.17 | \$20,471.64 | \$0.00 | \$20,471.64 |

ICT expenditure refers to the Mallee CMA's costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the Mallee CMA's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Disclosure of major contracts

The Mallee CMA did not award any major contracts (valued at \$10 million or more) during 2017-18 reporting period.

Freedom of information

The *Freedom of Information Act 1982* (Cth) (the Act) allows the public a right of access to documents held by the Mallee CMA. 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 Mallee CMA. This comprises documents both created by the Mallee CMA or supplied to the Mallee CMA by an external organisation or individual, and may also include maps, films, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by the Mallee CMA is available on the Mallee CMA's website under its Part II Information Statement.

The Act allows Mallee CMA 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 Mallee CMA 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. In some cases, this time may be extended.

If an applicant is not satisfied by a decision made by the Mallee CMA, 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 \$28.90 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 Mallee CMA's Freedom of Information team, as detailed in s17 of the *Freedom of Information Act 1982*.

When making a 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 Mallee CMA should be addressed to:
Freedom of Information - Principal Officer, Meagan Crozier
Mallee Catchment Management Authority
Mail: PO Box 5017, Mildura, 3502
Email: meagan.crozier@malleecma.com.au

FoI statistics

No Freedom of Information (FOI) requests were received during the reporting period.

Further information

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

Compliance with *Building Act 1993*

The Mallee CMA does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993* (Vic).

Competitive Neutrality Policy

Under the National Competition Policy (NCP), the guiding legislative principle is that legislation, including future legislative proposals, should not restrict competition unless it can be demonstrated that:

- the benefits of the restriction to the community as a whole outweigh the costs; and
- the objectives of the legislation can only be achieved by restricting competition.

The Mallee CMA continues to comply with the requirements of the NCP.

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

The Mallee CMA is working to ensure that Victoria fulfils its requirements on competitive neutrality reporting for technological based businesses against the enhanced principles as required under the Competition and Infrastructure Reform Agreement.

Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* (Vic) enables people making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

What is a protected disclosure?

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

What is improper or corrupt conduct?

Improper or corrupt conduct involves substantial:

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

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

How do I make a Protected Disclosure?

You can make a protected disclosure about the Mallee CMA or its board members, officers or employees by contacting the Independent Broad Based Anti-Corruption Commission Victoria (IBAC) on the contact details provided below.

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

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

The Mallee CMA has established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about the Mallee CMA or its employees. You can access the Mallee CMA's procedures on its website at: www.malleecma.vic.gov.au/resources/corporate-documents Policies and Procedures.

Contact details

Independent Broad based Anti-Corruption Commission (IBAC) Victoria

Address: Level 1, North Tower, 459 Collins Street, Melbourne, VIC 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.

Table 25 | Disclosures under the *Protected Disclosures Act 2012*.

| Disclosures under the <i>Protected Disclosure Act 2012</i> | 2017-18 | 2016-17 |
|---|---------|---------|
| The number of disclosures made by an individual to the Mallee CMA and notified to the Independent Broad-based Anti-corruption Commission. | 0 | 0 |

Compliance with *Catchment and Land Protection Act 1994*

The Mallee CMA was established in 1997 under the *Catchment and Land Protection Act 1994* (Vic) (CaLP Act) and has responsibilities under the *Water Act 1989* (Vic), *Statement of Obligations* and the CaLP Act, *Statement of Obligations*.

CaLP Act responsibilities are set out on pages 6 and 7 of this Annual Report. The Mallee CMA is compliant with these establishing act requirements.

The Statement of Obligations for both the *Water Act* and the CaLP Act were re-issued in January 2018. These will be applied by the Mallee CMA's 2018-23 Corporate Plan and reported against in subsequent Annual Reports.

Office-based environmental impacts

The Mallee Catchment Management Authority (CMA) strives to implement and improve sustainable practices in its operations in both the office and field environment. The Mallee CMA has modified its business activities in accordance with the Environmental Sustainability Policy. The policy identifies environmental impacts and measures for the reduction in usage of resources and waste production. As a member of the Victorian Government - Irymple site user group, the Mallee CMA has made a commitment to modifying its practices to facilitate a site-wide reduction in environmental impacts via an improvement in sustainability.

As a tenant of the Victorian Government site at Irymple, utility resource usage is monitored and controlled by the Department of Economic Development, Jobs, Transport and Resources (DEDJTR) as the landlord. All steps taken to reduce environmental impact implemented by the Mallee CMA contribute to the whole of site energy efficiencies and contribute toward the reduction in DEDJTR energy resource usage.

Further information on office-based environmental impacts is presented in the table below.

Table 26 | Mallee CMA office-based environmental impacts.

| Outputs | Activity | 2018 Actual | Comment |
|----------------------------|---|-------------|---|
| Energy use | Total energy usage segmented by primary source, including Green Power (mega joules) | * | Entries marked with an asterisk (*) contribute to the whole of Victorian Government Site - Irymple managed by the landlord, DEDJTR. |
| | Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (tonnes CO2-e) | * | |
| | Percentage of electricity purchased as Green Power (%) | * | |
| | Units of energy used per full time employee (mega joules) per FTE) | * | |
| | Units of energy used per unit of office area (mega joules per m2) | * | |
| Waste and recycling | Total units of office waste disposed of by destination (kilograms per year) | * | Entries marked with an asterisk (*) contribute to the whole of Victorian Government Site - Irymple managed by the landlord, DEDJTR. |
| | Total units of office waste disposed of per FTE by destination (kilograms per FTE) | * | |
| | Recycling rate (% of total waste by weight) | * | |
| | Waste disposal - separation of office waste into 'classes' e.g. paper, recyclable plastics, rubbish | * | Entries marked with an asterisk (*) contribute to the whole of Victorian Government Site - Irymple managed by the landlord, DEDJTR. |
| | Reduction and recycling of cartridges and consumables containers | 100% | Cartridge recycled through suppliers. Containers recycled through site |
| | Re-use and/or recycling of mobile phones and unserviceable equipment | 100% | Mobile phones are recycled when replaced with new handsets. Surplus or obsolete equipment sent to Waste Management Centre - Mildura Rural City Council 'Around Again' re-use facility |
| Paper use | Total units of A4 equivalent copy paper used (reams) | 466 | |
| | Units of A4 equivalent copy paper used per FTE (reams per FTE) | 9.7 | Double-sided printing and printer user boxes are set as default to reduce paper usage |
| | Percentage of recycled content in copy paper purchased (%). | 100% | |
| Water consumption | Total units of metered water consumed by water source (kilolitres) | * | Entries marked with an asterisk (*) contribute to the whole of Victorian Government Site - Irymple managed by the landlord, DEDJTR. |
| | Units of metered water consumed in offices per FTE (kilolitres per FTE) | * | |
| | Units of metered water used in offices per unit of office area (kilolitres per m2) | * | |

Continued...

Table 26 | Mallee CMA office-based environmental impacts. *Continued...*

| Outputs | Activity | 2018 Actual | Comment |
|--------------------------|--|---------------------------|---|
| Transport | Total energy consumption by vehicle fleet segmented by vehicle/ fuel type (mega joules) | 1,090,054 MJ 95,061 MJ | Diesel – 28,453 L Unleaded – 2,831 L |
| | Total vehicle travel associated with Entity operations segmented by vehicle/ fuel type (kilometres); | 381,620 km 43,173 km | Vehicles fuelled with Diesel Vehicles fuelled with Unleaded |
| | Total Greenhouse gas emissions from vehicle fleet | 91.33 | (tonnes CO2-e) |
| | Total distance travelled by air (kilometres) | 148,342 km | |
| Greenhouse gas emissions | Total greenhouse gas emissions associated with vehicle fleet | 91.33 | (tonnes CO2 e) |
| | Total greenhouse gas emissions associated with air travel | 27.123 | (tonnes CO2 e) |
| | Total greenhouse gas emissions associated with energy use (tonnes CO2 e) | * | Entries marked with an asterisk (*) contribute to the whole of Victorian Government Site - Irymple managed by the landlord, DEDJTR. |
| | Total greenhouse gas emissions associated with waste disposal (tonnes CO2 e) | * | Entries marked with an asterisk (*) contribute to the whole of Victorian Government Site - Irymple managed by the landlord, DEDJTR. |
| | Greenhouse gas emissions offsets purchased | Nil | (tonnes CO2 e) |
| Procurement | <p>The Mallee CMA Purchasing and Procurement Policy includes environmental procurement as an essential consideration.</p> <p>Employees are required to purchase goods and services that have reduced impacts on the environment.</p> <p>Employees are also required to consider environmental impacts and opportunities during the procurement process. Employees undertaking procurement should consider where appropriate the inclusion of minimum environmental requirements in specifications.</p> <p>Environmental requirements can be defined in relation to performance standards, the impact of the good or service on the environment and/or in relation to supplier's environmental management practices.</p> <p>The Mallee CMA policy also requires employees to undertake socially responsible procurement which includes the protection of the environment and the conservation of resources.</p> | 100% | Participation by % of FTE |

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the Mallee CMA will make all data included in this Annual Report available at <http://www.data.vic.gov.au/> in machine readable format.

Consistent with the Victorian Government's DataVic Access Policy (2012), all data tables included in this Annual Report will be available at <http://www.data.vic.gov.au/> in the following machine readable formats: XLS.

Since the policy was introduced, the Mallee CMA has made available to the public all data tables from Annual Reports since 2014-15.

Statement of availability of other information

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 Mallee CMA and are available (in full) on request, subject to the provisions of the *Freedom of Information Act 1982*.

- details of major research and development activities;
- a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- details of publications produced by the agency about itself, and how these can be obtained;
- details of any major external reviews carried out on the agency;

- details of major promotional, public relations and marketing activities undertaken by the agency to develop community awareness of the entity and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees;
- a general statement on industrial relations within the agency, and details of time lost through industrial accidents and disputes; and
- details of all consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed for each engagement

The information is available on request from:
 Chief Finance Officer, Meagan Crozier
 Mallee Catchment Management Authority
 Mail: Mallee CMA, PO Box 5017, Mildura Victoria 3502
 Phone: 03 5051 4377
 Email: reception@malleecma.com.au

Additional information included in the annual report

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

- a list of the Mallee CMA's major committees, the purposes of each committee, and the extent to which the purposes have been achieved – from page 50; and
- details of changes in FoI fees charged by the Mallee CMA – page 65.

Information that is not applicable to the Mallee CMA

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

- details of shares held by senior officers; no shares have ever been issued in the Mallee CMA; and
- details of overseas visits undertaken; no board members or senior executives took overseas work related trips.

Attestation for financial management compliance with Ministerial Standing Direction

Mallee Catchment Management Authority Financial Management Compliance Attestation Statement

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



Sharyon Peart
 Board Chair, Mallee CMA

22 August 2018

Part 5: Financial Statements

Mallee Catchment Management Authority Declaration in Financial Statements

The attached financial statements for the Mallee Catchment Management Authority have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance 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 2018 and financial position of the Authority at 30 June 2018.

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 22 August 2018.



Sharon Peart

Chairperson

Mallee Catchment Management Authority



Jennifer Collins

CEO and Accountable Officer

Mallee Catchment Management Authority



Meagan Crozier CPA

Chief Finance Officer

Mallee Catchment Management Authority

22 August 2018

Independent Auditor's Report

To the Board of the Mallee Catchment Management Authority

| | |
|--|---|
| Opinion | <p>I have audited the financial report of the Mallee Catchment Management Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2018 • 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. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Board's responsibilities for the financial report | <p>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 <i>Financial Management Act 1994</i>, 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.</p> <p>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.</p> |

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
27 August 2018



Paul Martin
as delegate for the Auditor-General of Victoria

Comprehensive operating statement

For the financial year ended 30 June 2018

| | | | \$ |
|--|-------|-------------------|-------------------|
| | Notes | 2018 | 2017 |
| Income from transactions | | | |
| Government contributions | 2.2.1 | 12,970,809 | 12,782,097 |
| Interest | 2.2.2 | 674,294 | 649,959 |
| Other income | 2.2.3 | 3,380,768 | 2,491,996 |
| Total income from transactions | | 17,025,872 | 15,924,052 |
| Expenses from transactions | | | |
| Employee expenses | 3.1.1 | 4,999,697 | 4,784,575 |
| Grants and incentives | 3.2 | 1,518,801 | 1,766,050 |
| Depreciation | 4.1.1 | 238,744 | 249,733 |
| Amortisation | 4.2 | 199,160 | 156,947 |
| Other operating expenses | 3.3 | 8,866,938 | 7,156,447 |
| Total expenses from transactions | | 15,823,339 | 14,113,752 |
| Net result from transactions (net operating balance) | | 1,202,533 | 1,810,300 |
| Other economic flows included in net result | | | |
| Net gain/(loss) on disposal of non-financial assets | 8.1 | 27,530 | 31,793 |
| Other gain/(loss) arising from the revaluation of long service leave liability | 8.1 | - | 4,923 |
| Total other economic flows included in net result | | 27,530 | 36,716 |
| Comprehensive result | | 1,230,063 | 1,847,016 |

The accompanying notes form part of these financial statements

Balance sheet

As at 30 June 2018

\$

| | Notes | 2018 | 2017 |
|--|-------|-------------------|-------------------|
| Assets | | | |
| Financial assets | | | |
| Cash and deposits | 6.1 | 5,150,919 | 39,806,173 |
| Receivables | 5.1 | 839,842 | 127,231 |
| Investments and other financial assets | 4.3 | 36,000,000 | 1,000,000 |
| Total financial assets | | 41,990,761 | 40,933,404 |
| Non-financial assets | | | |
| Plant and equipment | 4.1 | 712,019 | 711,315 |
| Intangible assets | 4.2 | 241,433 | 440,593 |
| Total non-financial assets | | 953,452 | 1,151,908 |
| Total assets | | 42,944,213 | 42,085,312 |
| Liabilities | | | |
| Payables | 5.2 | 499,580 | 798,979 |
| Employee related provisions | 3.1.2 | 866,226 | 937,989 |
| Total liabilities | | 1,365,806 | 1,736,968 |
| Net Assets | | 41,578,407 | 40,348,344 |
| Equity | | | |
| Accumulated surplus/(deficit) | | 607,625 | 567,695 |
| Reserves | 8.2 | 36,873,447 | 35,683,314 |
| Contributed capital | | 4,097,335 | 4,097,335 |
| Net worth | | 41,578,407 | 40,348,344 |

The accompanying notes form part of these financial statements

Cash flow statement

For the financial year ended 30 June 2018

| | | | \$ |
|---|-------|---------------------|---------------------|
| | Notes | 2018 | 2017 |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Receipts from government | | 12,454,570 | 12,947,102 |
| Interest received | | 679,218 | 649,458 |
| Goods and services tax received from the ATO ^(a) | | 902,390 | 825,998 |
| Other receipts | | 3,375,768 | 2,418,512 |
| Total receipts | | 17,411,946 | 16,841,070 |
| Payments | | | |
| Payments to suppliers and employees | | (16,855,283) | (14,462,861) |
| Total payments | | (16,855,283) | (14,462,861) |
| Net cash flows from/(used in) operating activities | 6.1.1 | 556,663 | 2,378,209 |
| Cash flows from investing activities | | | |
| Payments for investments | | (35,000,000) | - |
| Purchases of non-financial assets | | (311,239) | (168,778) |
| Proceeds from sale of non-financial assets | | 99,322 | 454 |
| Payment for intangible assets | | - | (134,685) |
| Net cash flows from/(used in) investing activities | | (35,211,917) | (303,009) |
| Net increase/(decrease) in cash and cash equivalents | | (34,655,254) | 2,075,200 |
| Cash and cash equivalents at the beginning of the financial year | | 39,806,173 | 37,730,973 |
| Cash and cash equivalents at the end of the financial year | 6.1 | 5,150,919 | 39,806,173 |

The accompanying notes form part of these financial statements

Note:

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

Statement of changes in equity

For the financial year ended 30 June 2018

\$

| | Notes | Reserves | Accumulated surplus/(deficit) | Contributed capital | Total |
|--------------------------------|-------|-------------------|-------------------------------|---------------------|-------------------|
| Balance at 1 July 2016 | | 34,739,733 | (335,740) | 4,097,335 | 38,501,328 |
| Net result for the year | | - | 1,847,016 | - | 1,847,016 |
| Transfers to/(from) reserves | | 943,581 | (943,581) | - | - |
| Balance at 30 June 2017 | | 35,683,314 | 567,695 | 4,097,335 | 40,348,344 |
| Net result for the year | | - | 1,230,063 | - | 1,230,063 |
| Transfers to/(from) reserves | 8.2 | 1,190,133 | (1,190,133) | - | - |
| Balance at 30 June 2018 | | 36,873,447 | 607,625 | 4,097,335 | 41,578,407 |

The accompanying notes form part of these financial statements

Notes to the Financial Report for the year ended 30 June 2018

1. ABOUT THIS REPORT

The Mallee Catchment Management Authority (the Authority) is a government authority of the State of Victoria, established by the *Catchment and Land Protection Act 1994*.

A description of the nature of its operations and its principal activities is included in the **Report of Operations**, which does not form part of these financial statements.

Its principal address is:
Agriculture Victoria
315-341 Koorlong Avenue
Irymple, Victoria, 3498

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.

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

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

Notes to the Financial Report for the year ended 30 June 2018

2. FUNDING DELIVERY OF OUR SERVICES

Introduction

The Authority's primary objective is to facilitate integrated and ecological sustainable management of the natural, cultural and productive landscapes occurring within the region. Programs and projects are developed to deliver against the region's priorities for these landscapes.

To enable the Authority to fulfil its objective and provide outputs it receives income (predominantly accrual based government contributions).

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

| | 2018 | 2017 |
|---|-------------------|-------------------|
| Government Contributions | 12,970,809 | 12,782,097 |
| Interest | 674,294 | 649,959 |
| Other Income | 3,380,768 | 2,491,996 |
| Total income that funds delivery of services | 17,025,872 | 15,924,052 |

Income is recognised to the extent that it is probable the economic benefits will flow to the Authority and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

2.2 Income from transactions

2.2.1 Government contributions

| | 2018 | 2017 |
|--|-------------------|-------------------|
| State Government | | |
| State government contributions | 375,562 | 527,936 |
| Catchment Governance | 935,205 | 987,205 |
| Basin Plan | 120,000 | 120,000 |
| Threatened Species Protection Initiative | 352,000 | 674,236 |
| Sustainable Irrigation Program | 1,073,000 | 600,000 |
| Environmental Partnership Program | (18,500) | - |
| Landcare Program | 735,427 | 261,200 |
| Environmental Water Program | 505,000 | 698,319 |
| Environmental Water Holder | 945,034 | 208,857 |
| Water Management Program | 1,624,000 | 1,606,400 |
| Our Catchment Our Communities | 646,000 | 527,000 |
| Bush Tender | - | 318,966 |
| Total State Government contributions | 7,292,728 | 6,530,119 |
| Commonwealth Government | | |
| Commonwealth contributions | 31,208 | 65,596 |
| The Living Murray | 1,940,364 | 1,887,273 |
| National Landcare Program | 2,133,760 | 2,102,520 |
| Biodiversity Fund | - | 661,171 |
| Sustainable Diversion Limits | 1,572,749 | 1,535,418 |
| Total Commonwealth Government contributions | 5,678,081 | 6,251,978 |
| Total Government contributions | 12,970,809 | 12,782,097 |

Notes to the Financial Report for the year ended 30 June 2018

Conditional grants

The Authority has recognised as revenue several grants received from the government where the full project has not yet been completed.

2.2.2 Interest income

| | 2018 | 2017 |
|---|----------------|----------------|
| Interest from financial assets not at fair value through profit and loss | | |
| Interest on bank deposits | 674,294 | 649,959 |
| Total interest from financial assets not at fair value through profit and loss | 674,294 | 649,959 |

Interest income includes interest received on bank term deposits. Interest income is recognised using the effective interest method, which allocates interest over the relevant period.

2.2.3 Other income

| | 2018 | 2017 |
|---------------------------|------------------|------------------|
| Salinity levies | 3,313,178 | 2,418,512 |
| Sundry income | 67,590 | 73,484 |
| Total other income | 3,380,768 | 2,491,996 |

Salinity levies are collected under the Ministerial 'policies for managing water use licences in salinity impact zones (2007)', whereby each mega litre of new or increased Annual Use Limit (AUL) attracts a capital or ongoing charge to contribute to the costs of works and measures to offset salinity impacts.

Sundry income is paid parental leave and reimbursements for trainees.

Notes to the Financial Report for the year ended 30 June 2018

3. THE COST OF DELIVERING OUR SERVICES

Introduction

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

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.

Structure

- 3.1 Expenses incurred in delivery of services
- 3.2 Grant expenses
- 3.3 Other operating expenses

3.1 Expenses incurred in delivery of services

| | Notes | 2018 | 2017 |
|---|-------|-------------------|-------------------|
| Employee benefits expense | 3.1.1 | 4,999,697 | 4,784,575 |
| Grants and incentives | 3.2 | 1,518,801 | 1,766,050 |
| Other operating expenses | 3.3 | 8,866,938 | 7,156,447 |
| Total expenses from transactions | | 15,385,436 | 13,707,072 |

3.1.1 Employee benefits in the comprehensive operating statement

| | Notes | 2018 | 2017 |
|---|-------|------------------|------------------|
| Salaries and wages, annual leave and long service leave | | 4,577,790 | 4,432,190 |
| Termination benefits | | 33,998 | - |
| Defined contribution superannuation expense | 3.1.3 | 387,909 | 352,385 |
| Total employee expenses | | 4,999,697 | 4,784,575 |

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

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of defined contribution superannuation plans that are paid or payable during the reporting period. The Authority does not contribute to any defined benefit superannuation plans.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Authority is demonstrably committed to 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.

Notes to the Financial Report
for the year ended 30 June 2018

3.1.2 Employee benefits in the balance sheet

| | 2018 | 2017 |
|---|----------------|----------------|
| Current provisions: | | |
| Annual leave | | |
| Unconditional and expected to settle within 12 months | 231,065 | 214,864 |
| Unconditional and expected to settle after 12 months | 72,427 | 36,627 |
| Time in lieu and rostered days off | | |
| Unconditional and expected to settle within 12 months | 4,494 | 9,287 |
| Long service leave | | |
| Unconditional and expected to settle within 12 months | 3,905 | 59,210 |
| Unconditional and expected to settle after 12 months | 377,246 | 443,868 |
| Provisions for on-costs | | |
| Unconditional and expected to settle within 12 months | 28,753 | 45,432 |
| Unconditional and expected to settle after 12 months | 68,557 | 63,557 |
| Total current provisions for employee benefits | 786,447 | 872,845 |
| Non-current provisions | | |
| Employee benefits | 68,890 | 56,721 |
| On-costs | 10,890 | 8,423 |
| Total non-current provisions for employee benefits | 79,779 | 65,144 |
| Total provisions for employee benefits | 866,226 | 937,989 |

| | 2018 |
|--|----------------|
| Reconciliation of movement in on-cost provision | \$ |
| Opening balance | 117,412 |
| Additional provisions recognised | (6,415) |
| Reductions due to transfers out | (2,798) |
| Closing balance | 108,199 |
| Current | 97,309 |
| Non-current | 10,890 |

Wages and salaries, annual leave and sick leave: Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the Authority does not have an unconditional right to defer settlements of these liabilities.

Provision is made for benefits accruing to employees in respect of wages and salaries, time in lieu, 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.

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.

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.

Unconditional annual leave and LSL are 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 either 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 an unconditional 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.

Notes to the Financial Report for the year ended 30 June 2018

3.1.3 Superannuation contributions

Employees of the Authority are entitled to receive superannuation benefits. The Authority only contributes to defined contribution plans.

| | Paid contributions for the year | | Contributions outstanding at year end | |
|----------------------------|---------------------------------|----------------|---------------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| Vic Super Pty Ltd | 207,754 | 201,086 | 25,712 | 26,077 |
| Other Superannuation Funds | 180,155 | 151,299 | 25,943 | 19,944 |
| Total | 387,909 | 352,385 | 51,654 | 46,021 |

3.2 Grant expenses

| | 2018 | 2017 |
|--------------------------------|------------------|------------------|
| Payments for specific purposes | 1,518,801 | 1,766,050 |
| Total grant expense | 1,518,801 | 1,766,050 |

Grant expenses are contributions of the Authority's resources to another party for specific purposes where there is no expectation that the amount will be repaid in equal value (either by money, goods or services).

Grants can be either operating or capital in nature. The Authority only makes special purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grant expenses are recognised in the reporting period in which they are paid or payable. Grants only take the form of money.

3.3 Other operating expenses

| | 2018 | 2017 |
|---|------------------|------------------|
| Supplies and services | | |
| Purchase of services (including remuneration of auditors) | 1,958,914 | 1,778,367 |
| Consultancies - project based | 3,789,244 | 3,050,033 |
| Contractors - project based | 2,809,935 | 2,032,199 |
| Rent | 308,845 | 295,848 |
| Total other operating expenses | 8,866,938 | 7,156,447 |

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

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

Project based consultancy and contractor expenses relate to specific on-ground projects undertaken by the Authority and do not include similar expenses of a corporate nature.

Notes to the Financial Report for the year ended 30 June 2018

4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Authority controls non-financial physical assets and investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the Authority to be utilised for delivery of those outputs.

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 those fair values were determined.

Structure

- 4.1 Total plant and equipment
- 4.2 Intangible assets
- 4.3 Investments and other financial assets

4.1 Total plant and equipment

| | Gross carrying amount | | Accumulated depreciation | | Net carrying amount | |
|--|-----------------------|------------------|--------------------------|------------------|---------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Motor vehicles at fair value | 774,786 | 718,328 | (224,100) | (232,291) | 550,686 | 486,037 |
| Office furniture and equipment at fair value | 82,683 | 235,535 | (56,405) | (161,178) | 26,278 | 74,358 |
| Plant and equipment at fair value | 319,536 | 457,555 | (184,481) | (306,635) | 135,055 | 150,920 |
| Total | 1,177,005 | 1,411,418 | (464,987) | (700,104) | 712,019 | 711,315 |

Initial recognition: Items of 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 a leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

Subsequent measurement: Plant and equipment 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 below by asset category.

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 an experienced fleet manager in the Authority who sets the relevant depreciation rates during use to reflect the utilisation of the vehicles.

Fair value for **plant and equipment** that are specialised in use (such that it is rarely sold other than as part of a going concern) is determined using the depreciated replacement cost method.

Refer to Note 7.3 for additional information on fair value determination of property, plant and equipment.

Notes to the Financial Report for the year ended 30 June 2018

4.1.1 Depreciation and impairment

Charge for the period

| | 2018 | 2017 |
|--------------------------------|----------------|----------------|
| Motor vehicles | 114,154 | 98,092 |
| Office furniture and equipment | 48,080 | 60,790 |
| Plant and equipment | 76,510 | 90,851 |
| Total depreciation | 238,744 | 249,733 |

All plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

| Asset | (years) Useful life |
|--------------------------------|------------------------|
| Motor vehicles | 4 to 8 |
| Office furniture and equipment | 3 to 25 |
| Plant and equipment | 4 to 15 |

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

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

In the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced (unless a specific decision to the contrary has been made).

Impairment: Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Notes to the Financial Report
for the year ended 30 June 2018

4.1.2 Reconciliation of movements in carrying amounts of property plant and equipment

| 2018 | Motor vehicles at fair value | Office furniture and equipment at fair value | Plant and equipment at fair value | Total |
|------------------------|------------------------------|--|-----------------------------------|----------------|
| Opening balance | 486,037 | 74,357 | 150,921 | 711,315 |
| Additions | 254,680 | - | 60,645 | 315,325 |
| Disposals | (194,936) | (152,852) | (184,935) | (532,723) |
| Depreciation | 4,906 | 104,772 | 108,424 | 218,102 |
| Closing balance | 550,687 | 26,277 | 135,055 | 712,019 |

| 2017 | Motor vehicles | Office furniture and equipment | Plant and equipment | Total |
|------------------------|----------------|--------------------------------|---------------------|----------------|
| Opening balance | 421,848 | 110,181 | 228,903 | 760,932 |
| Additions | 295,368 | 24,966 | 12,869 | 333,203 |
| Disposals | (133,087) | - | - | (133,087) |
| Depreciation | (98,092) | (60,790) | (90,851) | (249,733) |
| Closing balance | 486,037 | 74,357 | 150,921 | 711,315 |

4.2 Intangible assets

| | Computer software | | Total | |
|--|-------------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Gross carrying amount | | | | |
| Opening balance | 597,540 | 462,855 | 597,540 | 462,855 |
| Additions | - | 134,685 | - | 134,685 |
| Closing balance | 597,540 | 597,540 | 597,540 | 597,540 |
| Accumulated amortisation | | | | |
| Opening balance | (156,947) | - | (156,947) | - |
| Amortisation of intangible non-produced assets | (199,160) | (156,947) | (199,160) | (156,947) |
| Closing balance | (356,107) | (156,947) | (356,107) | (156,947) |
| Net book value at the end of the financial year | 241,433 | 440,593 | 241,433 | 440,593 |

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.

The Authority does not have any internally generated intangible assets.

Subsequent measurement

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 3 years.

The Authority does not have any intangible produced assets.

Significant intangible assets

The Authority has capitalised software expenditure for the acquisition of its Technology One and related software. The carrying amount of the capitalised software expenditure is \$241,433 (2017: \$440,593). Its useful life is 3 years and will be fully amortised in 2021.

Notes to the Financial Report for the year ended 30 June 2018

4.3 Investments and other financial assets

| | 2018 | 2017 |
|---|-------------------|------------------|
| Current investments and other financial assets | | |
| Term deposits ^(a) | | |
| Australian dollar term deposits > 3 months | 36,000,000 | 1,000,000 |
| Total current investments and other financial assets | 36,000,000 | 1,000,000 |

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

Ageing analysis of investments and other financial assets

| | Carrying amount | Not past due and not impaired | Past due but not impaired | | | |
|---------------|--------------------|-------------------------------------|---------------------------|-----------------|----------------------|-----------|
| | | | Less than 1 month | 1 - 3 months | 3 months - 1 year | 1-5 years |
| 2018 | | | | | | |
| Term deposits | 36,000,000 | 36,000,000 | - | - | - | - |
| 2017 | | | | | | |
| Term deposits | 1,000,000 | 1,000,000 | - | - | - | - |

Notes to the Financial Report
for the year ended 30 June 2018

5. OTHER ASSETS AND LIABILITIES

Introduction

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

Structure

5.1 Receivables

5.2 Payables

5.1 Receivables

| | 2018 | 2017 |
|---------------------------------------|----------------|----------------|
| Contractual | | |
| Accrued investment income | 7,771 | 7,696 |
| Amounts owing from general government | 826,154 | 2,805 |
| Statutory | | |
| GST input tax receivable | - | 113,227 |
| Other receivables | 5,917 | 3,503 |
| Total receivables | 839,842 | 127,231 |
| Represented by: | | |
| Current receivables | 839,842 | 127,231 |

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

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments.

Doubtful Debts: The Authority's management have identified no doubtful debts, therefore no allowance for doubtful debts has been raised (2017: nil). As no movement has occurred for the balance of provision for doubtful debts, a reconciliation of opening and closing balance is not deemed necessary.

Ageing analysis of contractual receivables

| | Carrying amount | Not past due and not impaired | Past due but not impaired | | | |
|---------------------------------------|-----------------|-------------------------------|---------------------------|--------------|-------------------|-----------|
| | | | Less than 1 month | 1 - 3 months | 3 months - 1 year | 1-5 years |
| 2018 | | | | | | |
| Accrued investment income | 7,771 | 7,771 | - | - | - | - |
| Amounts owing from general government | 826,154 | 826,154 | - | - | - | - |
| Total | 833,926 | 833,926 | - | - | - | - |
| 2017 | | | | | | |
| Accrued investment income | 7,696 | 7,696 | - | - | - | - |
| Amounts owing from general government | 2,805 | 2,805 | - | - | - | - |
| Total | 10,501 | 10,501 | - | - | - | - |

No interest is charged on overdue invoices. The average credit period for outstanding invoices is less than 30 days. There are no material financial assets that are individually determined to be impaired. Currently the Authority does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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

Notes to the Financial Report for the year ended 30 June 2018

5.2 Payables

| | 2018 | 2017 |
|--|----------------|----------------|
| Contractual | | |
| Supplies and services | 499,580 | 502,998 |
| Amounts payable to government and agencies | - | 204,886 |
| Statutory | | |
| Other taxes payable | - | 91,095 |
| Total payables | 499,580 | 798,979 |
| Represented by | | |
| Current payables | 499,580 | 798,979 |

Payables consist of:

Contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Authority prior to the end of the financial year that are unpaid; and

Statutory payables, that 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 less than 30 days. No interest is charged on contractual payables.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

Maturity analysis of contractual payables ^(a)

| | Carrying amount | Nominal amount | Maturity dates | | | | |
|--|-----------------|----------------|-------------------|------------|-------------------|-----------|----------|
| | | | Less than 1 month | 1-3 months | 3 months - 1 year | 1-5 years | 5+ years |
| 2018 | | | | | | | |
| Supplies and services | 499,580 | 499,580 | 499,580 | - | - | - | - |
| Total | 499,580 | 499,580 | 499,580 | - | - | - | - |
| 2017 | | | | | | | |
| Supplies and services | 502,998 | 502,998 | 502,998 | - | - | - | - |
| Amounts payable to government and agencies | 204,886 | 204,886 | 204,886 | - | - | - | - |
| Total | 707,884 | 707,884 | 707,884 | - | - | - | - |

(a) Maturity analysis is presented using the contractual undiscounted cash flows.

Notes to the Financial Report
for the year ended 30 June 2018

6. HOW WE FINANCED OUR OPERATIONS

Introduction

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 6.1 and 6.2 provide additional, specific financial instrument disclosures.

Structure

6.1 Cash flow information and balances

6.2 Commitments for expenditure

6.1 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.

| | 2018 | 2017 |
|--|------------------|-------------------|
| Cash on hand | 1,000 | 1,000 |
| Cash at bank and on hand | 322,708 | 1,366,463 |
| Term deposits maturing in less than 3 months | 4,827,211 | 38,438,710 |
| Balance as per cash flow statement | 5,150,919 | 39,806,173 |

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

The projects funded by the state and commonwealth governments can be undertaken over multiple financial years and is received at various stages of the project life based on contractual agreements. At the end of the financial year there are some projects that have not reached completion but will be completed within the contractual terms in future financial periods. At balance date the Authority has significant cash and cash equivalents that will be utilised to complete these projects in future financial years.

6.1.1 Reconciliation of net result for the period to cash flow from operating activities

| | 2018 | 2017 |
|---|------------------|------------------|
| Net result for the period | 1,230,063 | 1,847,016 |
| Non-cash movements | | |
| (Gain)/loss on disposal of non-current assets | (27,530) | (31,793) |
| Depreciation and amortisation of non-current assets | 437,904 | 406,680 |
| Movements in Assets and Liabilities | | |
| Decrease/(increase) in receivables | (712,612) | 133,619 |
| (Decrease)/increase in employee related provisions | (71,763) | (152,423) |
| Decrease/(increase) in prepayments | - | - |
| (Decrease)/Increase in payables | (299,399) | 175,110 |
| Net Cash flows from/(used in) Operating Activities | 556,663 | 2,378,209 |

Notes to the Financial Report for the year ended 30 June 2018

6.2 Commitments for expenditure

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

6.2.1 Total commitments payable

| Nominal amounts 2018 | Less than 1 year | 1 - 5 years | 5+ years | Total |
|---|---------------------|----------------|----------|------------------|
| Other commitments payable | 1,665,791 | 286,625 | - | 1,952,417 |
| Total commitments (exclusive of GST) | 1,665,791 | 286,625 | - | 1,952,417 |

| Nominal amounts 2017 | Less than 1 year | 1 - 5 years | 5+ years | Total |
|---|---------------------|----------------|----------|------------------|
| Other commitments payable | 2,992,099 | 266,465 | - | 3,258,564 |
| Total commitments (exclusive of GST) | 2,992,099 | 266,465 | - | 3,258,564 |

Notes to the Financial Report for the year ended 30 June 2018

7. RISKS, CONTINGENCIES AND VALUATION 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 related mainly to fair value determination.

Structure

- 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 instrument. Due to the nature of the Authority's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

Categories of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). The Authority recognises the following assets in this category:

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

Held to maturity financial assets: If the Authority has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held to maturity. These are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held to maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

The Authority makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held to maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale. The held to maturity category includes term deposits which the Authority intends to hold to maturity.

Financial liabilities at amortised cost are initially recognised on the date they are 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. The Authority recognises accounts payable (excluding statutory payables in this category).

Impairment of financial assets: At the end of each reporting period, the Authority assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Notes to the Financial Report for the year ended 30 June 2018

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

7.1.1 Financial instruments: Categorisation

| | Contractual financial assets - loans and receivables and cash | Contractual financial liabilities at amortised cost | Total |
|--|--|---|-------------------|
| 2018 | | | |
| Contractual financial assets | | | |
| Cash and deposits | 5,150,919 | - | 5,150,919 |
| Receivables ^(a) | | | |
| Accrued investment income | 7,771 | - | 7,771 |
| Other contractual receivables | 826,154 | | 826,154 |
| Investments and other financial assets | | | |
| Term deposits | 36,000,000 | - | 36,000,000 |
| Total contractual financial assets | 41,984,844 | - | 41,984,844 |
| Contractual financial liabilities | | | |
| Supplies and services | - | 499,580 | 499,580 |
| Amounts payable to government and agencies | - | - | - |
| Total contractual financial liabilities | - | 499,580 | 499,580 |

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

| | Contractual financial assets - loans and receivables and cash | Contractual financial liabilities at amortised cost | Total |
|--|--|---|-------------------|
| 2017 | | | |
| Contractual financial assets | | | |
| Cash and deposits | 39,806,173 | - | 39,806,173 |
| Receivables ^(a) | | | |
| Accrued investment income | 7,696 | - | 7,696 |
| Other contractual receivables | 2,805 | | 2,805 |
| Investments and other financial assets | | | |
| Term deposits | 1,000,000 | - | 1,000,000 |
| Total contractual financial assets | 40,816,674 | - | 40,816,674 |
| Contractual financial liabilities | | | |
| Supplies and services | - | 502,998 | 502,998 |
| Amounts payable to government and agencies | - | 204,886 | 204,886 |
| Total contractual financial liabilities | - | 707,884 | 707,884 |

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

Notes to the Financial Report for the year ended 30 June 2018

7.1.2 Financial risk management objectives and policies

As a whole, the Authority's financial risk management program seeks to manage credit, liquidity and interest rate risks and the associated volatility of its financial performance. The Authority is not exposed to foreign currency or equity price risks.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3 to the financial statements.

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

The Authority's main financial risks include credit risk, liquidity risk and interest rate 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 Board 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 debtors are the Victorian and Commonwealth Government. For debtors other than the Government, it is the Authority's policy to only deal with entities with high credit ratings of a minimum triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, the Authority does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the Authority's policy is to only deal with banks with high credit ratings and Treasury Corporation Victoria.

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

In addition, the Authority does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the Authority's policy is to only deal with banks with high credit ratings and Treasury Corporation Victoria.

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

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Authority's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to the Authority's credit risk profile in 2017-18.

Notes to the Financial Report for the year ended 30 June 2018

Credit quality of contractual financial assets that are neither past due nor impaired

| | Government agencies (triple-A credit rating) | Other (min triple-B credit rating) | Other (unrated) | Total |
|---|--|--|--------------------|-------------------|
| 2018 | | | | |
| Cash and deposits | 4,828,211 | 322,708 | - | 5,150,919 |
| Receivables ^(a) | 839,842 | - | - | 839,842 |
| Investments and other financial assets | 36,000,000 | - | - | 36,000,000 |
| Total contractual financial assets | 41,668,053 | 322,708 | - | 41,990,761 |
| 2017 | | | | |
| Cash and deposits | 38,438,710 | 1,366,463 | - | 39,805,173 |
| Receivables ^(a) | 10,501 | - | - | 10,501 |
| Investments and other financial assets | 1,000,000 | - | - | 1,000,000 |
| Total contractual financial assets | 39,449,211 | 1,366,463 | - | 40,815,674 |

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

Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Authority settles financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Authority is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. The Authority manages its liquidity risk by:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily able to be liquidated; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

The Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

Notes to the Financial Report for the year ended 30 June 2018

Financial instruments: Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Authority does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Authority has minimal exposure to cash flow interest rate risks through cash and deposits and term deposits that are at floating rate.

The Authority manages this risk by mainly undertaking fixed rate financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank, as financial assets that can be left at floating rate without necessarily exposing the Authority to significant bad risk, management monitors movement in interest rates on a frequent 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.

Interest rate exposure of financial instruments

| 2018 | Weighted average interest rate (%) | Carrying amount | Fixed interest rate | Variable interest rate | Non bearing interest |
|---|---|--------------------|------------------------|---------------------------|-------------------------|
| Financial assets | | | | | |
| Cash and deposits | 1.21% | 5,150,919 | - | 5,149,919 | 1,000 |
| Receivables ^(a) | | | | | |
| Other contractual receivables | | 832,071 | - | - | 832,071 |
| Accrued investment income | | 7,772 | - | - | 7,772 |
| Investments and other financial assets | | | | | |
| Term deposits | 1.81% | 36,000,000 | 36,000,000 | - | - |
| Total financial assets | | 41,990,762 | 36,000,000 | 5,149,919 | 840,843 |
| Financial liabilities | | | | | |
| Payables ^(a) | | | | | |
| Supplies and services | | 499,580 | - | - | 499,580 |
| Amounts payable to government and agencies | | - | - | - | - |
| Total financial liabilities | | 499,580 | - | - | 499,580 |

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

| 2017 | Weighted average interest rate (%) | Carrying amount | Fixed interest rate | Variable interest rate | Non bearing interest |
|---|---|--------------------|------------------------|---------------------------|-------------------------|
| Financial assets | | | | | |
| Cash and deposits | 1.58% | 39,806,173 | 36,000,000 | 3,805,173 | 1,000 |
| Receivables ^(a) | | | | | |
| Other contractual receivables | | 2,805 | - | - | 2,805 |
| Accrued investment income | | 7,696 | - | - | 7,696 |
| Investments and other financial assets | | | | | |
| Term deposits | 1.66% | 1,000,000 | 1,000,000 | - | - |
| Total financial assets | | 40,816,674 | 37,000,000 | 3,805,173 | 11,501 |
| Financial liabilities | | | | | |
| Payables ^(a) | | | | | |
| Supplies and services | | 502,998 | - | - | 502,998 |
| Amounts payable to government and agencies | | 204,886 | - | - | 204,886 |
| Total financial liabilities | | 707,884 | - | - | 707,884 |

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

Notes to the Financial Report for the year ended 30 June 2018

Interest rate risk sensitivity

| | | -100 basis points | +100 basis points |
|--|--------------------|----------------------|----------------------|
| | Carrying amount | Net result | Net result |
| 2018 | | | |
| Contractual financial assets | | | |
| Cash and deposits | 5,150,919 | (51,509) | 51,509 |
| Investments and other financial assets | 36,000,000 | (360,000) | 360,000 |
| Total impact | 41,150,919 | (411,509) | 411,509 |
| 2017 | | | |
| Contractual financial assets | | | |
| Cash and deposits | 39,806,173 | (398,062) | 398,062 |
| Investments and other financial assets | 1,000,000 | (10,000) | 10,000 |
| Total impact | 40,806,173 | (408,062) | 408,062 |

7.2 Contingent assets and contingent liabilities

The Authority does not have any contingent assets or contingent liabilities.

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.

This section sets out information on how the Authority determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets and liabilities at fair value through operating result and plant and equipment are carried at fair value.

In addition, the fair value of other assets and liabilities that 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 observable; 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 Authority monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

Notes to the Financial Report for the year ended 30 June 2018

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).

7.3.1 Fair value determination: Financial assets and liabilities

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

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- 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 are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2017-18 reporting period.

These financial instruments include:

| Financial assets | Financial liabilities |
|---|--|
| Cash and deposits | Payables: |
| Receivables: | · supplies and services |
| · accrued investment income | · amounts payable to government and agencies |
| · other contractual receivables | |
| Investments and other contractual financial assets: | |
| · term deposits | |

7.3.2 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy

| 2018 | Carrying amount as at 30 June | Fair value measurement at end of reporting period using: | | |
|--|-------------------------------------|---|----------------|----------------|
| | | Level 1 | Level 2 | Level 3 |
| Plant, equipment and vehicles at fair value | | | | |
| Motor vehicles | 550,687 | - | 550,687 | - |
| Office furniture and equipment | 26,277 | - | - | 26,277 |
| Plant and equipment | 135,055 | - | - | 135,055 |
| Total plant, equipment and vehicles at fair value | 712,019 | - | 550,687 | 161,332 |
| | | | | |
| 2017 | | | | |
| Plant, equipment and vehicles at fair value | | | | |
| Motor vehicles | 486,037 | - | 486,037 | - |
| Office furniture and equipment | 74,357 | - | - | 74,357 |
| Plant and equipment | 150,921 | - | - | 150,921 |
| Total plant, equipment and vehicles at fair value | 711,315 | - | 486,037 | 225,278 |

There have been no transfers between levels during the period.

Notes to the Financial Report for the year ended 30 June 2018

Vehicles are held at fair value and fair value is determined using the 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 the Chief Finance Officer of the Authority who sets relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method. Plant & equipment are categorised to Level 3 assets because the current replacement cost is used in estimating the fair value.

There were no changes in valuation techniques throughout the period to 30 June 2018.

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

Reconciliation of Level 3 fair value movements

| | Office furniture and equipment | Plant and equipment | Leasehold improve- ments | Total |
|------------------------|---|------------------------|--------------------------------|----------------|
| 2018 | | | | |
| Opening balance | 74,357 | 150,921 | - | 225,278 |
| Purchases | (152,852) | (124,290) | - | (277,142) |
| Depreciation | 104,772 | 108,424 | - | 213,196 |
| Closing balance | 26,277 | 135,055 | - | 161,332 |
| 2017 | | | | |
| Opening balance | 110,181 | 228,903 | 6,965 | 346,049 |
| Purchases | 24,966 | 12,869 | - | 37,835 |
| Depreciation | (60,790) | (90,851) | (6,965) | (158,606) |
| Closing balance | 74,357 | 150,921 | - | 225,278 |

There were no unrealised gains or losses (2017: nil) on non-financial assets.

Description of significant unobservable inputs to Level 3 valuations

| 2018 and 2017 | Valuation technique | Significant unobservable inputs |
|--------------------------------|---------------------|--|
| Office furniture and equipment | Replacement cost | Cost per unit Useful life of office furniture and equipment |
| Plant and equipment | Replacement cost | Cost per unit Useful life of plant and equipment |

Significant unobservable inputs have remained unchanged since June 2017

Notes to the Financial Report
for the year ended 30 June 2018

8. OTHER DISCLOSURES

Introduction

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

Structure

- 8.1 Other economic flows included in net result
- 8.2 Reserves
- 8.3 Responsible persons
- 8.4 Remuneration of executives
- 8.5 Related parties
- 8.6 Remuneration of auditors
- 8.7 Subsequent events
- 8.8 Australian Accounting Standards issued that are not yet effective
- 8.9 Glossary of technical terms

8.1 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from the revaluation of the present value of the long service leave liability due to changes in bond interest rates.

| | 2018 | 2017 |
|---|---------------|---------------|
| Net gain/(loss) on non-financial assets | | |
| Net gain/(loss) on disposal of plant and equipment | 27,530 | 31,793 |
| Total net gain/(loss) on non-financial assets | 27,530 | 31,793 |
| Other gains/(losses) from other economic flows | | |
| Other gain/(loss) arising from the revaluation of long service leave liability ^(a) | - | 4,923 |
| Total other gains/(losses) from other economic flows | - | 4,923 |

(a) Revaluation gain/(loss) due to changes in bond rates.

8.2 Reserves

| | 2018 | 2017 |
|--|-------------------|-------------------|
| Committed funds reserve ^(a) | | |
| Balance at beginning of financial year | 5,665,225 | 6,367,511 |
| Transfers to/(from) accumulated surplus | (258,126) | (702,286) |
| Balance at end of financial year | 5,407,099 | 5,665,225 |
| Salinity offset reserve ^(b) | | |
| Balance at beginning of financial year | 29,018,089 | 27,329,965 |
| Transfers to/(from) accumulated surplus | 1,448,260 | 1,688,124 |
| Balance at end of financial year | 30,466,348 | 29,018,089 |
| Capital renewals reserve ^(c) | | |
| Balance at beginning of financial year | 1,000,000 | 1,042,257 |
| Transfers to/(from) accumulated surplus | - | (42,257) |
| Balance at end of financial year | 1,000,000 | 1,000,000 |
| Total reserves | 36,873,447 | 35,683,313 |

(a) The committed funds reserve contains amounts allocated to the completion of specific projects.

(b) The salinity offset reserve contains the amount held by the Authority in accordance with ministerial policies for managing water use licences in salinity impact zones under the *Water Act 1989*.

(c) The capital renewals reserve contains amounts that have been set aside by the Authority for the purpose of funding capital projects.

Notes to the Financial Report for the year ended 30 June 2018

8.3 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the FMA, the following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of Ministers and Responsible persons in the Authority are as follows:

Ministers

| | |
|--|-----------------------------|
| The Hon. Lisa Neville MP, Minister for Water | 1 July 2017 to 30 June 2018 |
| The Hon. Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change | 1 July 2017 to 30 June 2018 |

Responsible Persons

| | |
|---|----------------------------------|
| Sharyon Peart, Board Chair | 1 July 2017 to 30 June 2018 |
| Dr John Cooke, Board Member, Deputy Chair | 1 July 2017 to 30 June 2018 |
| Allison McTaggart, Board Member | 1 July 2017 to 30 June 2018 |
| Anthony Martin, Board Member | 1 July 2017 to 30 June 2018 |
| Geoff Anderson, Board Member | 1 July 2017 to 30 June 2018 |
| Kellie Nulty, Board Member | 1 July 2017 to 30 June 2018 |
| Elizabeth Marwood, Board Member | 1 July 2017 to 30 June 2018 |
| Robert Matthews, Board Member | 1 October 2017 to 30 June 2018 |
| Jacquelyn Turfey, Board Member | 1 October 2017 to 30 June 2018 |
| John Arnold, Board Member | 1 July 2017 to 30 September 2017 |

Accountable Officer

| | |
|---|-----------------------------|
| Jennifer Collins, Chief Executive Officer | 1 July 2017 to 30 June 2018 |
|---|-----------------------------|

Remuneration

The number of responsible persons whose remuneration from the Authority was within the specified bands were as follows:

| | 2018 | 2017 |
|--|----------------|----------------|
| \$0 to \$9,999 | 3 | 4 |
| \$10,000 to \$19,999 | 6 | 4 |
| \$20,000 to \$29,999 | 1 | 1 |
| \$200,000 to \$209,999 | 1 | 1 |
| Total number of responsible persons | 11 | 10 |
| Total remuneration \$ | 434,325 | 413,628 |

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8.4 Remuneration of executives

The authority does not have any executive officers that meet the definition of executive officers in Financial Report Direction (FRD) 21C *Disclosures of responsible persons and executive officers in the financial report* during the reporting period.

The accountable officer's remuneration has been disclosed in note 8.5 Related parties.

8.5 Related parties

The Mallee Catchment Management Authority is statutory authority established by the *Catchment and Land Protection Act 1994*.

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

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

Key management personnel of the Authority includes Portfolio Ministers, board members and the chief executive officer;

- The Hon Lisa Neville MP, Minister for Water
- The Hon Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change
- Sharyon Peart, Board Chair
- Dr John Cooke, Board Member, Deputy Chair
- Anthony Martin, Board Member
- Allison McTaggart, Board Member
- Geoff Anderson, Board Member
- Elizabeth Marwood, Board Member
- Kellie Nulty, Board Member
- Robert Matthews, Board Member
- Jacquelyn Turfey, Board Member
- John Arnold, Board Member
- Jennifer Collins, Chief Executive Officer

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

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 benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

| Compensation of KMP | 2018 | 2017 |
|------------------------------|----------------|----------------|
| Short-term employee benefits | 309,297 | 303,737 |
| Post-employment benefits | 55,269 | 46,264 |
| Other long-term benefits | 69,759 | 63,627 |
| Termination benefits | - | - |
| Total^(a) | 434,325 | 413,628 |

(a) Note that KMP are also reported in the disclosure of remuneration of executive officers (Note 8.4).

Notes to the Financial Report for the year ended 30 June 2018

Transactions and balances with key management personnel and other related parties

Government-related Entities

During the year the Authority reported related party transactions with the following government related entities:

| Name of Government Entity | Details Transaction | Nature of Relationship | Receipts | Outstanding Receipts | Payments | Commitments |
|---|--|-----------------------------|------------|----------------------|-----------|-------------|
| Department of Environment Land Water and Planning | Provision grant funding to undertake projects | Significant influence | 12,272,193 | 654,041 | - | - |
| Department of Environment Land Water and Planning | Purchase of goods/services to undertake projects. | Joint responsibility | - | - | 1,395,125 | 160,044 |
| Lower Murray Water | Salinity levies for managing water use in salinity impact zones. | Joint responsibility | 3,313,178 | - | 6,110 | - |
| Treasury Corporation Victoria | Banking - Interest on TCV term deposits | Government service provider | 239,014 | - | - | - |
| Parks Victoria | On-Ground Works - Wyperfield National Park | Joint responsibility | - | - | 33,000 | - |

Other Related Party Transactions

During the year the Authority reported related party transactions with the following key management personnel

| Name of counterparty | Details Transaction | Relationship | Receipts | Outstanding Receipts | Payments | Commitments |
|---|---|-----------------------------|-----------|----------------------|-----------|-------------|
| Department of Environment Land Water and Planning | Purchase of goods/services to undertake projects | Contractor | - | - | 1,395,125 | 160,044 |
| Lower Murray Water | Salinity levies to manage water use in salinity impact zones. | Board Chair | 3,313,178 | - | 6,110 | - |
| La Trobe University | Purchase of goods/services to undertake projects | Member of La Trobe Advisory | - | - | 793,456 | 117,129 |
| Mallee Sustainable Farming | Purchase of goods/services to undertake projects | Director | - | - | 159,000 | - |
| Mallee Sustainable Farming | Purchase of goods/services to undertake projects | Contractor | - | - | 159,000 | - |
| Mallee Landcare Group | Purchase of goods/services to undertake projects | Member | - | - | 26,796 | - |
| MADEC | Payments to traditional owners for cultural heritage. | Partner is a KMP | - | - | 6,852 | - |

All other transactions that have occurred with KMP and their related parties have not been considered material for disclosure. In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that the Authority's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

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for the year ended 30 June 2018

8.6 Remuneration of auditors

| | 2018 | 2017 |
|---|---------------|---------------|
| Victorian Auditor-General's Office | | |
| Audit or review of the financial statements | 15,300 | 14,900 |
| Total remuneration of auditors | 15,300 | 14,900 |

(a) The Victorian Auditor-General's Office is not allowed to provide non-audit services

8.7 Subsequent events

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

Notes to the Financial Report for the year ended 30 June 2018

8.8 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated.

Certain new Australian Accounting Standards (AAS) have been published which are not mandatory for the 30 June 2018 reporting period. The Authority assesses the impact of all these new standards and their early adoption where applicable.

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|--|---|--|--|
| AASB 9 <i>Financial Instruments</i> | The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred. | 1 Jan 2018 | The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial position however there will be a change to the way financial instruments are classified and new disclosure requirements. |
| AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments] | Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements. | 1 Jan 2018 | This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements. |
| AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 | Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9. | 1 Jan 2018 | The assessment has indicated that there will be no significant impact for the public sector. |
| AASB 15 <i>Revenue from Contracts with Customers</i> | The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017. 1 Jan 2018 | 1 Jan 2018 | The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. |

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| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|--|---|--|---|
| AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i> | Amends the measurement of trade receivables and the recognition of dividends as follows: <ul style="list-style-type: none"> Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount can be measured reliably. | 1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018 | The assessment has indicated that there will be no significant impact for the public sector. |
| AASB 2015-8 <i>Amendments to Australian Accounting Standards - Effective Date of AASB 15</i> | This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018. | 1 Jan 2018 | This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements. |
| AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i> | This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: <ul style="list-style-type: none"> A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). | 1-Jan-18 | The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above. |
| AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i> | This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019. | 1-Jan-19 | This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period. |

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| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|--|---|--|--|
| AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities | AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. | 1-Jan-19 | This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 • Statutory receivables are recognised and measured similarly to financial assets AASB 15 • The “customer” does not need to be the recipient of goods and/or services; • The “contract” could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or “equivalent means”; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be “sufficiently specific” to be able to apply AASB 15 to these transactions. |
| AASB 16 Leases | The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet. | 1 Jan 2019 | The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged. |

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| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|--|---|--|--|
| AASB 1058 <i>Income of Not-for-Profit Entities</i> | <p>AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions.</p> <p>The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.</p> | 1 Jan 2019 | <p>The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets.</p> <p>The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants.</p> <p>The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.</p> |

Notes to the Financial Report
for the year ended 30 June 2018

| Standard/Interpretation | Summary | Applicable for annual reporting periods beginning on | Impact on public sector entity financial statements |
|--|---|--|--|
| AASB 1059 Service Concession Arrangements: Grantor | <p>This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.</p> <p>The State has 2 types of PPPs:</p> <p>1. Social Infrastructure: A PPP that requires the government to make payments to the operator upon commencement of services:</p> <ul style="list-style-type: none"> • Operator finances and constructs the infrastructure; and • State pays unitary service payments over the term. <p>2. Economic Infrastructure: A PPP that is based on user pays model:</p> <ul style="list-style-type: none"> • Operator finances and constructs the infrastructure; • State does not pay for the cost of the construction; and • Operator charges asset users and recovers the cost of construction and operation for the term of the contract. | 1 Jan 2019 | <p>For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied:</p> <ul style="list-style-type: none"> • Operator is providing public services using a service concession asset; • Operator manages at 'least some' of public services under its own discretion; • The State controls / regulates: <ul style="list-style-type: none"> o What services are to be provided; o To whom; and o At what price • State controls any significant residual interest in the asset. <p>If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard.</p> <p>Currently the social infrastructure PPPs are only recognised on the balance sheet at commercial acceptance. The arrangement will need to be progressively recognised as and when the asset is being constructed. This will have the impact of progressively recognising the financial liability and corresponding asset as the asset is being constructed.</p> <p>For economic infrastructure PPP arrangements, that were previously not on balance sheet, the standard will require recognition of these arrangements on balance sheet. There will be no impact to net debt, as a deferred revenue liability will be recognised and amortised over the concession term.</p> |

Notes to the Financial Report for the year ended 30 June 2018

The following accounting pronouncements are also issued but not effective for the 2017/18 reporting period. At this stage, the preliminary assessment suggests they may have insignificant impacts on public sector reporting.

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement

(a) For the current year, given the number of consequential amendments to AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers, the standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

8.9 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

Amortisation is the expense which results from the consumption, extraction or use over time of a non-produced physical or intangible asset. This expense is classified as an 'other economic flow'.

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

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

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

Financial asset is any asset that is:

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

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity

Financial liability is any liability that is:

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

Notes to the Financial Report for the year ended 30 June 2018

Financial statements comprise:

- a balance sheet as at the end of the period;
- a comprehensive operating statement for the period;
- a statement of changes in equity for the period;
- a cash flow statement for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*; and
- a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

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

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

General government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

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

Net financial liabilities is calculated as liabilities less financial assets, other than equity in PNFCs and PFCs. This measure is broader than net debt as it includes significant liabilities, other than borrowings (e.g. accrued employee liabilities such as superannuation and long service leave entitlements). For the PNFC and PFC sectors, it is equal to negative net financial worth.

Net financial worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation, but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

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

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

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Non-financial assets are all assets that are not financial assets. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, cultural and heritage assets, intangibles and biological assets such as commercial forests.

Non-produced assets are assets needed for production that have not themselves been produced. They include land, subsoil assets, and certain intangible assets. Non-produced intangibles are intangible assets needed for production that have not themselves been produced. They include constructs of society such as patents.

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

Notes to the Financial Report for the year ended 30 June 2018

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. In simple terms, other economic flows are changes arising from market remeasurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in net result as required or permitted by other Australian Accounting Standards. They include changes in physical asset revaluation surplus; share of net movement in revaluation surplus of associates and joint ventures; and gains and losses on remeasuring available-for-sale financial assets.

Payables includes short and long-term trade debt and accounts payable, grants, taxes and interest payable.

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

Receivables include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

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

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

Appendices

1. Disclosure Index

The Mallee Catchment Management Authority (CMA) annual report is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the CMA's compliance with statutory disclosure requirements.

Table 27 | Ministerial Directions and Financial Reporting Directions Disclosure index.

| Legislation | Requirement | Page |
|---|--|---------|
| Report of Operations | | |
| <i>Charter and purpose</i> | | |
| FRD 22H | Manner of establishment and the relevant Ministers | 6 |
| FRD 22H | Purpose, functions, powers and duties (Objectives, functions, powers and duties) | 7 |
| FRD 8D | Mallee CMA objectives, indicators and outputs | 11 |
| FRD 22H | Key initiatives and projects | 13 |
| FRD 22H | Nature and range of services provided | 6 |
| <i>Management and structure</i> | | |
| FRD 22H | Organisational structure | 50 |
| <i>Financial and other information</i> | | |
| FRD 8D | Performance against output performance measures | 10 |
| FRD 8D | Budget portfolio outcomes | 48 |
| FRD 10A | Disclosure index | 112 |
| FRD 12B | Disclosure of major contracts | 65 |
| FRD 15E | Executive officer disclosures | 62 |
| FRD 22H | Employment and conduct principles | 58 |
| FRD 22H | Occupational health and safety policy | 58 |
| FRD 22H | Summary of the financial results for the year | 48 |
| FRD 22H | Significant changes in financial position during the year | 48 |
| FRD 22H | Major changes or factors affecting performance | 48 |
| FRD 22H | Subsequent events | 49, 103 |
| FRD 22H | Application and operation of <i>Freedom of Information Act 1982</i> | 65 |
| FRD 22H | Compliance with building and maintenance provisions of <i>Building Act 1993</i> | 65 |

Continued...

Table 27 | Ministerial Directions and Financial Reporting Directions Disclosure index. *Continued...*

| Legislation | Requirement | Page |
|---|---|------|
| FRD 22H | Statement on Competitive Neutrality Policy | 65 |
| FRD 22H | Application and operation of the <i>Protected Disclosure Act 2012</i> | 66 |
| FRD 22H | Details of consultancies over \$10,000 | 64 |
| FRD 22H | Details of consultancies under \$10,000 | 64 |
| FRD 22H | Disclosure of government advertising expenditure | 64 |
| FRD 22H | Disclosure of ICT expenditure | 64 |
| FRD 22H | Statement of availability of other information | 68 |
| FRD 24D | Reporting of office based environmental impacts | 67 |
| FRD 25C | Victorian Industry Participation Policy disclosures | 64 |
| FRD 29C | Workforce data disclosures | 61 |
| SD 5.2 | Specific requirements under Standing Direction 5.2 | 70 |
| Compliance attestation and declaration | | |
| SD 5.1.4 | Attestation for compliance with Ministerial Standing Direction | 69 |
| SD 5.2.3 | Declaration in report of operations | 2 |
| Financial Statements | | |
| Declaration | | |
| SD 5.2.2 | Declaration in financial statements | 70 |
| Other requirements under Standing Directions 5.2 | | |
| SD 5.2.1(a) | Compliance with Australian accounting standards and other authoritative pronouncements | 70 |
| SD 5.2.1(a) | Compliance with Ministerial Directions | 70 |
| SD 5.2.1(b) | Compliance with Model Financial Report | 70 |
| Other disclosures as required by FRDs in notes to the financial statements | | |
| FRD 9B | Departmental Disclosure of Administered Assets and Liabilities by Activity | 97 |
| FRD 11A | Disclosure of Ex gratia Expenses | na |
| FRD 13 | Disclosure of Parliamentary Appropriations | na |
| FRD 21C | Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report | 100 |
| FRD 103G | Non Financial Physical Assets | 83 |
| FRD 110A | Cash Flow Statements | 75 |
| FRD 112D | Defined Benefit Superannuation Obligations | 82 |
| Legislation | | |
| <i>Freedom of Information Act 1982</i> | | 65 |
| <i>Building Act 1993</i> | | 65 |
| <i>Protected Disclosure Act 2012</i> | | 66 |
| <i>Victorian Industry Participation Policy Act 2003</i> | | 64 |
| <i>Financial Management Act 1994</i> | | 70 |
| <i>Catchment and Land Protection Act 1994</i> | | 7 |
| <i>Water Act 1989</i> | | 7 |

2. Outputs delivered in 2017-18 under each of the Mallee RCS sub-strategies

Table 28 | Outputs delivered in 2017-18 under each of the Mallee RCS sub-strategies.

| Output Title | Measure | Indigenous Participation Plan | Biodiversity Strategy (TBD) | Floodplain Management Strategy | Regional Landcare Support Strategy | Sustainable Agriculture Strategy | Waterway Strategy | Land and Water Management Plan | Not Applicable | Grand Total |
|------------------------------------|------------------|-------------------------------|-----------------------------|--------------------------------|------------------------------------|----------------------------------|-------------------|--------------------------------|----------------|-------------|
| 1.04 Irrigation infrastructure | No. Sites | | | | | | 1 | 52 | | 53 |
| 1.05 Waterway structure | Ha. | | | | | | 2 | 595 | | 597 |
| 1.06 Terrestrial structure | No. | | | | | | 9 | | | 9 |
| 1.07 Terrestrial feature | No. | | | | | | 1 | | | 1 |
| 1.08 Monitoring structure | No. | | | | | | 6 | | | 6 |
| 1.09 Fence | No. | | | | | 2 | 17 | 53 | | 72 |
| 1.10 Visitor facility | No. Sites | | 12 | | | 26 | 27 | | | 65 |
| 1.11 Road | Km. | | 28 | | | 10 | 25 | | | 63 |
| 2.01 Vegetation | No. | | | | | | 7 | | | 7 |
| 2.02 Weed control | No. Sites | | | | | | 2 | | | 2 |
| 2.03 Pest animal control | Ha. | | | | | | 4 | | | 4 |
| 2.08 Earth works | No. Sites | | 17 | | | 11 | 4 | | | 32 |
| 3.02 Agricultural practices | Ha. | | 269 | | | 95 | 32 | | | 396 |
| 3.03 Water | No. Sites | | 38 | | 14 | | 45 | | | 97 |
| 4.01 Approval and advice | Ha. | | 105,936 | | 52,946 | | 8,149 | | | 167,031 |
| 4.02 Management agreement | No. Sites | | 51 | | 16 | | 9 | | | 76 |
| 4.03 Assessment | Ha. | | 403,663 | | 54,707 | | 34,748 | | | 493,117 |
| 4.04 Engagement event | No. Sites | | | | | 26 | 18 | | | 44 |
| 4.05 Partnership | No. Sites | | | | | 10 | | | | 10 |
| 4.06 Plan | Ha. | | | | | 1,046 | | | | 1,046 |
| 4.07 Publication | No. | | | | | | 48 | | | 48 |
| 4.08 Information management system | Ha. | | | | | | 6,696 | | | 6,696 |
| | No. | | 2 | 85 | | 1 | 77 | 125 | 5 | 295 |
| | No. | | 53 | | 10 | 23 | 53 | 57 | | 196 |
| | Ha. | | 270,998 | | 1,435,234 | 154 | 124,392 | 3,298 | | 1,833,077 |
| | No. | | 152 | 6 | 19 | 122 | 401 | 27 | 14 | 741 |
| | Ha. | | 778,983 | 15,440* | 1,748,612 | 94,467 | 1,659,638* | 83,754* | NA* | 4,380,894* |
| | No. Events | 36 | 80 | 51 | 42 | 73 | 248 | 72 | 58 | 650 |
| | No. Participants | 525 | 721 | 496 | 356 | 572 | 4,533 | 1,135 | 563 | 8,901 |
| | No. | 6 | 13 | 9 | 14 | 13 | 52 | 29 | 13 | 149 |
| | No. | | 9 | 3 | 20 | 33 | 87 | 11 | 6 | 169 |
| | No. | 2 | 41 | 9 | 59 | 40 | 274 | 53 | 31 | 509 |
| | No. | | | 2 | 2 | 1 | 1 | 3 | 13 | 22 |

*Area (ha) figures do not include any assessments undertaken at whole of region scale (i.e. 3.9 million ha)

[illegible]

[illegible]



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