



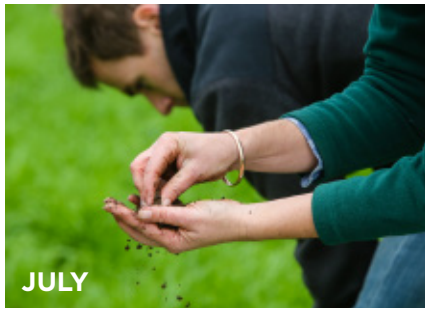
A WIDESPREAD AND PASSIONATE VOLUNTEER NETWORK REGULARLY TESTED MORE THAN 90 WATERWATCH SITES IN OUR REGION DURING 2013/2014. WE USED THE DATA THEY COLLECTED TO MONITOR WATERWAYS TO ESTABLISH THEIR CONDITION AND UNDERSTAND WHERE CHANGE IS OCCURRING.



NORTH EAST  
CATCHMENT  
MANAGEMENT  
AUTHORITY

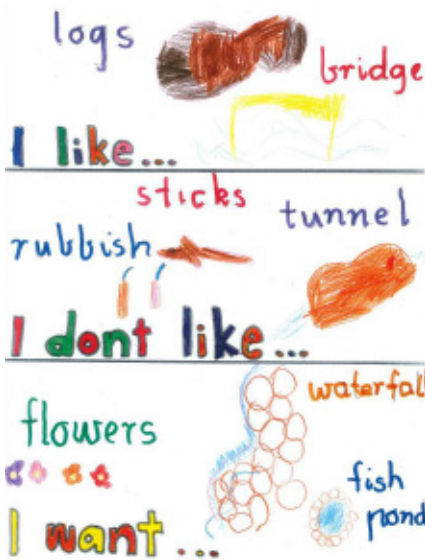
Annual Report 2013/2014

# HIGHLIGHTS 2013/2014



**JULY**

Activities held at mentor farms offered groups of farmers knowledge and skills needed to apply sustainable agriculture practices in their own enterprises.



**AUGUST**

Schools joined 'Catchment Conversations' held as part of the North East Regional Waterway Strategy development process.



**SEPTEMBER**

Dr Bill Sykes launched a revised Willow Management Strategy for the North East.



**OCTOBER**



More than 200 grade five students from the Wangaratta area joined a Student Environment Day hosted by ten agencies. The day featured educational activities about water, waste, biodiversity, Indigenous culture and energy.



**NOVEMBER**

NECMA actively supported the DEPI funded Statewide position of Indigenous Landcare Facilitator who delivered training across nine CMA regions.



**DECEMBER**



The Victorian Minister for Environment and Climate Change, Hon Ryan Smith, released the North East Landcare Support Plan 2013-2015 and announced details of investment to support environmental partnerships in our community.



**FEBRUARY**

NECMA increased in-field service capability with the deployment of mobile technology to some staff.

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**11** NECMA's vision is to be a recognised leader in protecting and enhancing the region's diverse, productive and natural landscapes for current and future generations.

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# MESSAGE FROM THE CHAIR & CEO



In 2013/2014 the North East Catchment Management Authority (NECMA) worked cooperatively with the community and our partners to greater levels than ever before. We strategically renewed the Draft North East Waterway Strategy; found solutions to catchment challenges with the Painters Island Roundtable, redeveloped a Willow Management Policy for our catchment; and successfully partnered to deliver projects like Northern Eco-connections and Harrietville Shared Trail riparian restoration where we engaged with the community and involved them in the planning and development of the project.

This Annual Report details our success in natural resource management (NRM) through partnerships, extension activities and on-ground works.

Our staff have worked in conjunction with landholders, local communities and stakeholders to achieve outstanding results, reinforcing the need for continued localised engagement to find ways to work better together towards our common goal of a resilient region for future generations.

## CONNECTING WITH OUR CATCHMENT COMMUNITY

Our Board is committed to providing active leadership in NRM in the region and continued to work with the community of the North East to protect our precious natural resources by consistently encouraging new ideas, collaboration and innovation.

This year we showed leadership by coordinating the “In Safe Hands” workshops in association with Conservation Volunteers Australia. These workshops were aimed at building the capacity of community groups in relation to occupational health and safety.

By listening to the community, NECMA was able to react to an emerging issue following a significant frost event. We hosted workshops that brought together a range of affected landholders with organisations that could provide support.

Similarly, NECMA successfully completed works associated with flooding events that occurred in September 2010, December 2010, March 2012 and at Omeo in 2012. Funding from the National Disaster Relief and Recovery Arrangement supported the delivery of an extensive works program.

In September 2013, NECMA introduced a new catchment coordination team. These Catchment Coordinators are an initial point of contact in each of our three valley communities.

We also continued to oversee implementation of the Regional Catchment Strategy.

## NURTURING KEY PARTNERSHIPS

Our Board remained committed to partnering as an effective way of maintaining and protecting our region's land, water and biodiversity resources.

Throughout 2013/2014 we successfully worked with our partner agencies to provide a more customer focused service delivery model in the region. A highlight was the signing of the Hume Regional Operating Agreement between NECMA, Goulburn Broken CMA (GBCMA), Department of Environment and Primary Industries (DEPI) and Parks Victoria (PV) to drive more effective, efficient and accountable service delivery in regional Victoria.

At the operational level, NECMA joined forces with Goulburn Broken and North Central CMAs, to share knowledge, skills and workload to improve service delivery throughout all three regions. Initiated by the CMA Boards, a Memorandum of Understanding (MoU) formalised an agreement to work together across Floodplain and Statutory Functions, iWorkforce, Community Engagement, and sourcing funding and growing investment in the region to accelerate Regional Catchment Strategy delivery.

The Northern Eco-connections project is the first successful joint project funded and implemented as a part of the MOU.

Our relationships with Local Government were also a priority. NECMA signed an MoU with East Gippsland Shire and successfully launched the river restoration works at Livingstone Creek. This project occurred in response to a flooding event in June 2012. The CMA and East Gippsland Shire worked in partnership with the community to design how the park was to be restored.

Similarly, we developed an MoU with Alpine Shire, who we are looking forward to working with more closely over future years.

## ENCOURAGING COMMUNITY LED PRACTICE CHANGE

NECMA continued to work with the community in a number of areas to encourage "community led practice change". Through the sustainable agriculture program we are working with mentor farms with the aim of providing groups of farmers with the knowledge and skills to be able to change their practices in their own enterprises.

We started working with the Wodonga Urban Landcare Network, a group that is undertaking a community planning process to identify priorities for action with the CMA's support; and several successful field days were held in relation to different threatened species with the aim of starting a group to champion the local protection of the species.

## NEW DIRECTIONS

In October 2013 the Victorian Government announced the appointment of a new Board for NECMA and we welcomed the appointment of Hamish MacLennan and Robert Hescocock as Directors.

We recently launched a new website to provide a one-stop-shop for natural resource management information and solutions.

We are actively seeking co-investment in our Waterwatch program so that we can extend water monitoring and community education across the catchment.

Operationally NECMA has been reviewing how we deliver services in the region. In the year ahead we are moving towards providing funding directly to individuals, groups and organisations to deliver environmental services across our catchment.



Lyn Coulston OAM  
Chairperson



Neil McCarthy  
Chief Executive Officer



**14** Waterwatch continued to support and participate in the SEED (Schools Environmental Education Directory) program.

**15** In December 2013 the Minister for Environment and Climate Change announced \$4.59 million in funding from the Victorian Environment Partnership Program (VEPP) for a multi-region project to improve vegetation in Victoria's North East.

**16** NECMA introduced a new catchment coordination team in September 2013.

## OUR VISION

TO BE A RECOGNISED LEADER IN PROTECTING AND ENHANCING THE REGION'S DIVERSE, PRODUCTIVE AND NATURAL LANDSCAPES FOR CURRENT AND FUTURE GENERATIONS.

## OUR MISSION

North East Catchment Management Authority facilitates and co-ordinates integrated catchment management by working with our partners to achieve community led practice change.

## NORTH EAST REGIONAL CATCHMENT STRATEGY

The North East Regional Catchment Strategy is the primary integrated planning framework for land, water and biodiversity management in North East Victoria.

The Strategy incorporates this 50 year vision for North East Victoria:

*Diverse healthy landscapes; vibrant communities.*



# OUR CATCHMENT

## RAINFALL AND STORAGE DATA

Rainfall totals for the NECMA region over the period July 2013 to June 2014 were close to the long term average (Decile 4-7) over the majority of the region. Daily maximum and minimum temperatures were average to very much above average and highest on record through July-September. However, this was accompanied by above average rainfall through July and August, resulting in Minor and Moderate flooding in the Ovens, Kiewa and Upper Murray systems. Rainfall for September 2013 to February 2014 was average to very much below average across most of the state (including the North-East), coinciding with significant fire events at Kilmore, Morwell and Wunghu. Rainfalls in March and April 2014 were above average over much of the North-East region.

Late June 2014 (21st to 30th) brought a significant rainfall event for the region with a low pressure system and a sequence of cold fronts delivering snow to much of the Alpine area and rainfall totals of 50-100 mm over much of the region. This event resulted in Minor and Moderate flooding on the King, Ovens and Kiewa systems and saturated catchments across the region at the start of the winter season.

**TABLE 1 GENERAL REGIONAL STATISTICS**

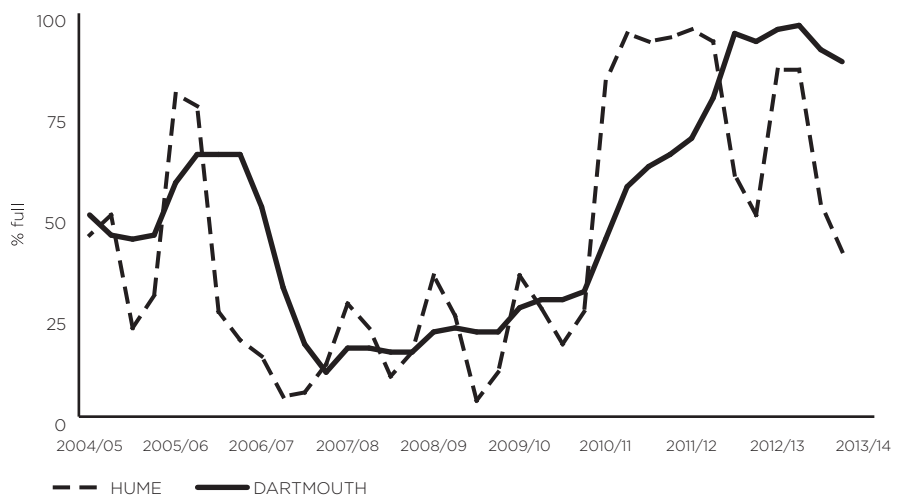
Population	102,000
Area	1,957,000 ha
Public Land	55%
Length of Streams	10,602 km
Water Supply	Region provides 38% of the total water to the Murray-Darling Basin

**TABLE 2 MAJOR WATER STORAGES (AT CAPACITY)**

STORAGE	CAPACITY (ML)
Dartmouth Dam	3,906,400
Lake Buffalo	24,000
Lake William Hovell	13,500
Hume Weir	3,038,000
Rocky Valley Dam	29,110

**GRAPH 1 STORAGE LEVEL - HUME WEIR & DARTMOUTH DAM**

Note that data for Dartmouth Dam is unavailable from 7 Dec 2012 to 14 Apr 2013 inclusive



**TABLE 3 RAINFALL DATA BY CALENDAR YEAR**

TOWN	ANNUAL RAINFALL CALENDAR YEAR (MM)										LONG TERM AVERAGE RAINFALL (MM)	LOWEST YEAR PRIOR TO 2003 (MM)
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004		
Wodonga	582	774	877	905	476	495	528	287	728	498	714	348 (2002)
Wangaratta	492	605	699	895	421	489	442	283	846	492	619	385 (1998)
Corryong	835	1036	1000	1174	664	480	679	339	846	609	775	344 (1967)
Bright	1069	675	1174	1613	868	841	955	606	1,197	893	1134	578 (1982)
Omeo	619	962	702	872	414	476	663	365	698	518	673	430 (1938)

Rainfall data courtesy of Australian Bureau of Meteorology. Note: Data subject to rounding, and may not have undergone quality control process.

# EXECUTIVE SUMMARY AND OVERVIEW

This section of our Annual Report reflects the management and condition of the North East region from a natural resource management perspective.

It is set out according to these headline themes\*:

1. Biodiversity
2. Inland Aquatic Ecosystems
3. Land Health
4. Community Capacity
5. Environmental Stewardship

The **Management Summary** describes what main activities were undertaken by key natural resource management agencies in the North East Catchment Management Authority (NECMA) region during 2013/2014 to address priority issues, improve the condition of assets and engage with our community. This summary includes activities undertaken by the Department of Environment and Primary Industries (DEPI), NECMA, Parks Victoria, Trust for Nature (TFN) and the community.

The **Catchment Condition** report offers an assessment of condition across the North East catchment according to the headline themes and highlights achievements made at a project level. Where supporting data is available, this section of the report also identifies reasons for condition status and trends.

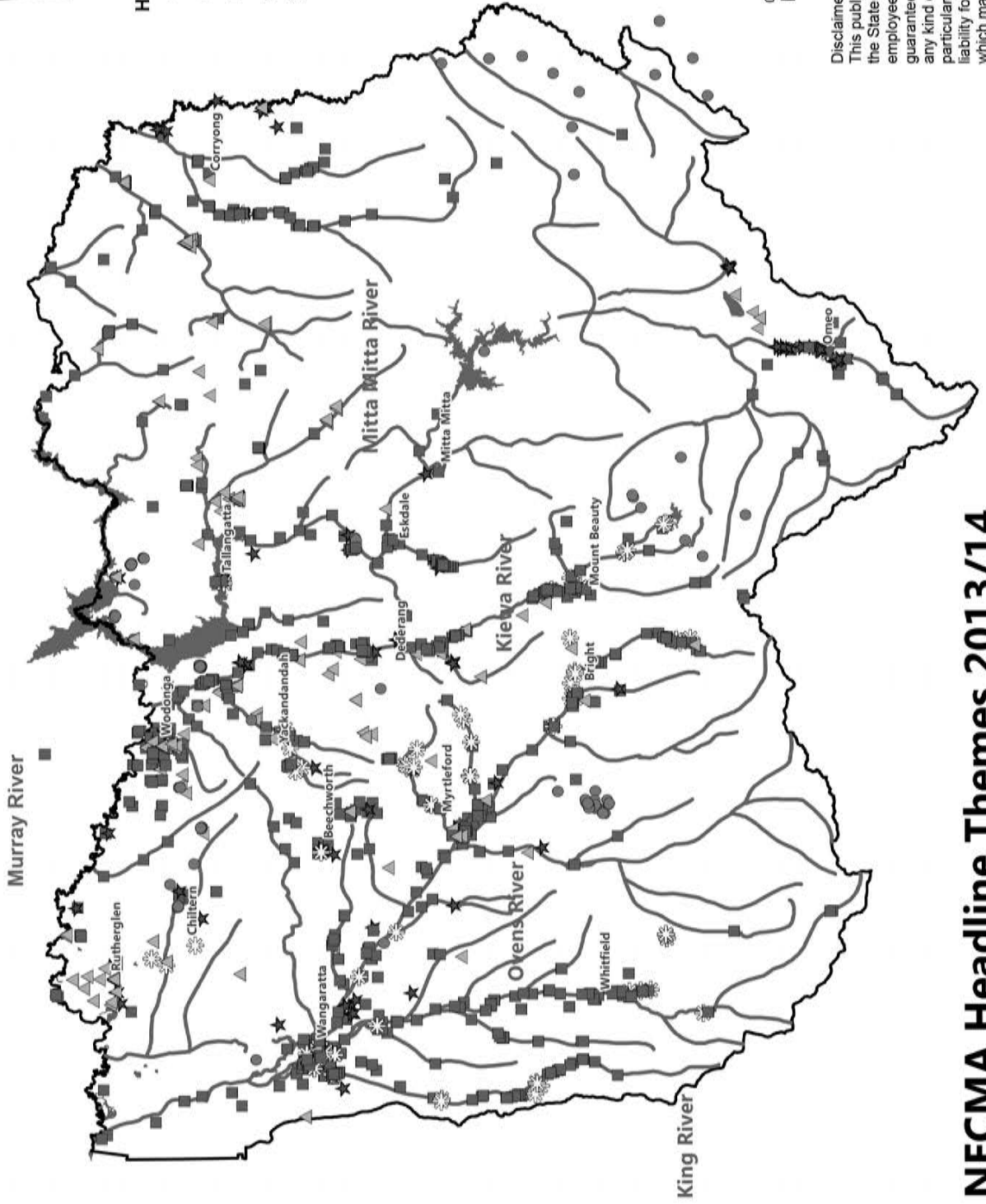
\*Marine ecosystems not applicable in the North East.





**Headline Theme Activities**

- Biodiversity
- ▲ Community Capacity
- Inland Aquatic Ecosystems
- ★ Land Health
- ☼ Environmental Stewardship



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



**NECMA Headline Themes 2013/14**

**17** The species populations, communities and terrestrial habitat assets of the North East region are remarkably diverse.



## **PART 1: MANAGEMENT SUMMARY**

Management to improve the quality and extent of native vegetation and the state of threatened fauna and flora species.

During 2013/2014 the key biodiversity delivery partners in the North East region

- continued to secure conservation agreements with land managers to protect, enhance and restore priority vegetation communities and remnant vegetation in key locations
- engaged with private landholders and community groups to increase knowledge and elicit participation in projects focused on carbon and biodiversity
- considered climate change impacts on biodiversity and sought to identify options for incorporating appropriate risk management into CMA business and NRM strategic planning, and
- undertook a range of activities to protect and preserve threatened fish, frogs, invertebrates, alpine vegetation, woodland fauna, and key flora including the *Swainsona recta*.

## **KEY ACHIEVEMENTS**

### **Reintroducing Macquarie Perch to the Ovens**

Historically Macquarie Perch were found in large numbers in the lower and mid Ovens River. A reintroduction program led by the DEPI aimed to create a self-sustaining population into the future. In April 2014 around 50 young Macquarie Perch (*Macquaria australasica*) were translocated from Lake Dartmouth to the Ovens River. Over the next five years DEPI will lead a stocking program using fingerlings produced by Fisheries Victoria at the Snobs Creek fish hatchery and direct translocations of young fish from the healthy Lake Dartmouth population. The fingerlings and translocated fish will generate a range of age and developmental stages similar to that which exists in natural populations. The first translocation of juvenile and sub-adult fish took place at Tarrawingee Reserve (on the Ovens River) as part of a community event run by DEPI and NECMA who hosted a 'Catchment Conversations' on the draft North East Waterway Strategy. This project was supported by funding from the Australian Government, DEPI's Victorian Environment Partnership Program (VEPP), the Victorian Government's Recreational Fishing Initiative, fishing licence fees and NECMA.

### **Healthy Woodlands, Happy Barking Owls**

Indigo Shire Council and the Indigo Environment Advisory Committee worked on a joint project to better communicate the importance of Indigo's woodland habitat for the survival of endangered species such as barking owls, squirrel gliders and phascogales. As part of this project, and with help from the Victorian Government's Communities for Nature program, informative brochures and posters were produced for distribution in the community.

**Climate mitigation and adaptation planning** - Climate change is noted as a threat to biodiversity in the North East Regional Catchment Strategy. A project led by NECMA considered climate change impacts and sought to identify options for incorporating appropriate risk management into CMA business and NRM strategic planning. NECMA partnered with Goulburn-Broken CMA in developing a spatial assessment tool to identify areas of climate vulnerability and priorities for adaptation. Criteria used to assess and map vulnerability were developed through a review of existing strategies and workshops with NRM planners. The project highlighted that identification of systems vulnerable to climate change using biophysical indicators and climate scenarios provides a useful starting point for NRM Planning for Climate Change.

**Protecting and enhancing private bush and restoring farmland** - A pilot project funded by the Australian Government offered landholders in the catchment an opportunity to apply for financial incentives for works that could provide a carbon and biodiversity gain. NECMA and TFN jointly encouraged farmers to submit proposals for works like fencing to manage livestock grazing in bushland and waterways, pest plant and animal control works in bush areas and eco-thinning to achieve carbon sequestration. Over the course of the year, TFN facilitated the planting of more than 31,000 native plants with landholders, creating 55 hectares of revegetation to improve landscape linkages, buffer areas for remnant native vegetation, and increasing biodiverse carbon stores in North East Victoria.

**Protecting and improving the condition of threatened woodlands and wetlands** - Led by NECMA, a project designed to protect and improve the condition of Environment Protection and Biodiversity Conservation Act (EPBC Act) listed threatened woodlands and wetlands attracted support from Kiewa Catchment Landcare Groups and local Indigenous people. Targets for the year were exceeded within budget. Landholders consistently showed interest in this project, with many seeking advice rather than a grant, so that they may improve their management practices and many enquiring about traditional knowledge. Rare species were identified on a number of sites, including Brolga, Tuan, Barking Owl, Squirrel Gliders, and potentially Quoll and Long Footed Potaroo, plus various vegetation species and associate communities.

In summary, rigorous and integrated landscape-scale management of woodland and wetland areas in the Murray River corridor was used to protect and enhance 650ha of threatened woodlands and wetlands through contractual agreements with 43 land managers; engage 100 land managers in workshops to improve knowledge and skills in effective management of threatened woodlands, wetlands, flora and fauna and deliver five Indigenous community engagement activities to build capacity, youth involvement and record traditional ecological knowledge.

## KEY CHALLENGES

**Finding biodiversity sites of significant scale and quality to deliver change** - TFN reported challenges in finding large revegetation sites for biodiversity and carbon related projects as many landholders only wanted to work on small sites. Economies of scale make the delivery of revegetation expensive. In response to this challenge, TFN developed a flexible and diverse range of assistance and incentives that cater to the differing situations of each landholder. Many sites inspected for a project focused

on protecting the condition of EPBC listed threatened woodlands and wetlands were not of high enough quality to be funded based on the standards set. In year two of this project, the yellow box and grey box parameters may need to be amended, given their depleted status in the region.

**Adapting to climate change** - While biodiversity focused priorities for carbon plantings are likely to incorporate opportunities and priorities for adaptation (such as increasing habitat connectivity and extent to improve ecosystem resilience), their uptake using voluntary mechanisms alone will be determined primarily by incentives offered, lost opportunity costs and landholder motivations. The construct of social-ecological or 'landscape' systems may provide a useful framework for identifying opportunities for climate change mitigation and adaptation, particularly in regions where land use change is rapid, and broad-scale revegetation opportunities are limited.

**Peatland rehabilitation in Alpine areas** - Good pre-planning and flexibility in the timing of works are needed to account for the complexity of peatland rehabilitation, particularly in remote areas, and the unpredictability of suitable seasonal conditions for works.

**Building links with the Indigenous community** - The use of Traditional knowledge for biodiversity protection and management is a growing area of interest and demand across the catchment is growing, but further work is required to improve engagement with the Aboriginal community across the North East.

**Using fire as a management tool** - Further work is required to document the response and where fire should be used as a management tool. Providing data on how various environments will be affected by traditional burning will be needed in the future.

**18** Key biodiversity delivery partners in the region undertook a range of activities to protect and preserve threatened fish, frogs, invertebrates, alpine vegetation, woodland fauna, and key flora.



18

## PART 2: CATCHMENT CONDITION

BIODIVERSITY THEME	SUMMARY
<p>INCLUDES THE QUALITY AND EXTENT OF NATIVE VEGETATION AND THE STATE OF THREATENED FAUNA AND FLORA SPECIES. ALSO INCLUDE INFORMATION ON KEY EVENTS, FACTORS OR ISSUES THAT ARE OR WILL IMPACT ON CONDITION.</p>	<p>OVERALL CONDITION STATUS: Moderate</p> <p>TREND: Declining</p>

The species populations, communities and terrestrial habitat assets of the North East region are remarkably diverse. The region has a high number of rare or threatened species, including:

- 227 rare or threatened flora species, of which 60 are nationally threatened; and
- 102 rare or threatened fauna species, of which five are nationally threatened.

Threatened species and communities are spread across the region in all landscapes. Their intrinsic value and contribution to landscape processes (eg connectivity, refuge areas, buffering) are interlinked with the region's identity. However, there are risks to the biodiversity assets in the region.

Since 1750 the extent and quality of native vegetation in North East Victoria has significantly declined in certain areas. It is estimated that the region has approximately 62% of native vegetation remaining, with a net loss of 298 habitat hectares

per year. Biodiversity decline is most extensive on private land, with an estimated 17% of native vegetation originally on private land remaining. Conversely, the high percentage (55%) of the region as public land, including numerous National Parks, helps protect rare and threatened species. Of the eight bioregions represented in the region, half have 31% or less of native vegetation cover.

Overall, the quality and extent of the region's species populations and communities and terrestrial habitat are in moderate condition, with a declining trend in cleared areas (primarily on private land). There is a relatively steady, long term incremental decline in areas affected by land clearing, inappropriate livestock grazing, inappropriate land uses, invasive pest species and predicted increases in climate variability including fire regime. Symptoms include species threatened with extinction, the spread of invasive pests and weeds, and declining condition of some waterways.

### INSIGHT - BIODIVERSITY

Significant work is required to improve and maintain the health and condition of landscapes in the North East region. It is important to recognise that the region's landscapes have been changed to provide goods and services, such as food and fibre. The resources needed to undertake this work are often beyond the reach of individual landholders, organisations, or Government, and will need a concerted and collaborative effort. We need to identify the level of biodiversity that can coexist within each of the changed landscapes. Recognising the values of each landscape and how this relates to biodiversity will help target effort and stem decline.

Source: 2013 North East Regional Catchment Strategy

# INLAND AQUATIC ECOSYSTEMS

**19** Waterwatch continued to train community volunteers, so building water quality monitoring capacity across the region.

## **PART 1:** MANAGEMENT SUMMARY

Management to improve rivers, wetlands, estuaries and groundwater, including their physical form, hydrology, flora, fauna and water quality.

Like many other parts of Australia, the North East catchment community needs to address and manage a range of challenges associated with the future health and use of waterways, including increased water demand, urban planning, environmental flows, flooding impacts and climate change.

The previous North East Regional River Health Strategy (2006) provided strategic direction in the key areas of:

- river health, including delivery of on-ground works to achieve river health outcomes
- management of the region's Environmental Water Reserve (EWR)
- floodplain management, including referral advice and ensuring that development does not compromise the future storage function of floodplains, and
- research.

The 2014 North East Waterway Strategy\* will guide management of rivers, floodplains and wetlands across the catchment over the next eight years.  
(\*Ministerial approval pending)

As the agency responsible for waterway health in the region, the NECMA led the development of the Waterway Strategy on behalf of the catchment community during 2013/2014. Over 18 months, NECMA worked with local communities, scientists, and representatives from all tiers of government to:

- identify priority waterways;
- develop a program of works;
- develop regional strategic actions for maintaining and improving waterways; and
- provide a process for identifying priorities for Government investment in the health of waterways.

The Strategy is designed to support people who are making decisions about waterway management activities in North East Victoria. It considers environmental, economic and social factors and highlights stressors and trends underway in the region that may impact on waterway health.



## KEY INSIGHTS

Research and feedback gathered during development of this Strategy highlighted that:

- The waterways of North East Victoria are unique, valued and linked to the region's communities and economies.
- We need to work with dynamics in the climate to maintain resilient waterways.
- Even with droughts, floods and social and economic changes, the North East region and its communities are generally resilient.
- Without a sustained management effort, our waterways will decline in value, affecting social, environmental and economic aspects of our community.
- Some trends are beyond our control or influence.
- Community driven solutions are needed to accommodate the likelihood of climate extremes.
- A framework for supporting community led action and activities will need to deal with national, state, regional and local challenges and address conflicting values surrounding use and management of waterways.

During consultation, NECMA heard that these were the priority actions needed to manage and protect waterways in North East Victoria:

- Pest plant and animal management
- Water quality monitoring
- Stock exclusion, fencing and provision of off-stream watering
- Land, reserve and water plans to improve management and practices
- Rehabilitation of waterways - revegetation and erosion control
- Increase awareness (education) and community engagement around waterway values

## KEY ACHIEVEMENTS

**Riparian restoration at Harrietville** – NECMA worked with the Alpine Shire, multiple agencies and the local community to complete a riparian restoration project along the Ovens River, north of Harrietville. The project enhanced a Shared Trail developed by Alpine Shire and complemented a Recreational Fishing Grant application for the construction of fish habitat. Work on the site involved large-scale treatment and removal of willows and blackberries, planting of native shrubs and sedges, riverbank stabilisation and erection of fencing for cattle exclusion. The Harrietville Tronoh Dredgehole Committee played a key role in establishing and maintaining the site. Other key supporters included Alpine Shire Council, DEPI, Parks Victoria, Vic Roads, Landmates (Beechworth Correctional Centre) and adjoining landholders. Work undertaken through this project was guided by NECMA's Managing Willows in the North East Catchment Guidelines (September 2013).

**Creating 'Living Landscapes' in Myrtleford** – The community of Myrtleford experienced successive major floods in 2010, 2011 and 2012. A project funded by Regional Development Victoria involved local community groups and businesses in a restoration program along a popular reach of the Ovens River and was an important step towards boosting regional development and tourism in the area. Under the banner of "Living Landscapes", Conservation Volunteers Australia (CVA) and NECMA invited local people and businesses to help restore riparian woodland along the Ovens River, with a focus on improving access to a reach of the Ovens that is popular for walking, swimming, fishing and bird watching. This project was part of the North East Regional Catchment Strategy and promoted educational and recreational opportunities for the community.

**Livingstone Creek Park restored to life** – Large-scale river restoration work completed at Livingstone Creek Park, Omeo proved to be the largest flood recovery site in the catchment. NECMA and East Gippsland Shire worked together to restore the site after intense rainfall in June 2012 caused extensive damage to the Park and other key public infrastructure in Omeo township, including the town's sewer main, the Great Alpine Road and several bridges. In response, the Victorian Government approved flood recovery funding under the joint Australian Government - State Natural Disaster Relief and Recovery Arrangements (NDRRA), to support the Omeo community. NECMA partnered with the East Gippsland Shire to assess the initial flood damage and then developed detailed designs for the restoration of Livingstone Creek Park, a key community asset. Local Indigenous groups delivered revegetation at the site and local primary schools supported community planting days at the site.

**New home for critters** - An overgrown table drain in Beechworth was transformed into a living 'Frog Bog' after the area was cleared and large rocks were placed around the site to create a series of ponds. This educational and environmental project, made possible with funding from the Hugh Williamson Foundation, was part of a joint 'Bug Blitz' effort that involved NECMA, St. Joseph's Primary School, Indigo Shire and the Alpine Valleys Community Leadership Program. 'Bug Blitz' was established by the philanthropic Hugh Williamson Foundation to empower environmental studies and the arts in active community projects.

**Fish 'motels'** - Scientists and river health teams used reclaimed timber from a tornado in the Yarrawonga area to create a series of fish 'motels' along the Ovens River. NECMA, Arthur Ryler Institute, and DEPI utilised funding from Recreational Fishing Grants Victoria to develop the new 'motel' habitat for native fish in the Ovens River. The multi-

agency team built and inserted timber structures, or fish 'motels', into a reach between Tarrawingee and Everton. Previous mapping of in-stream woody habitat in the Ovens River identified a lack of in-stream logs and timber for native fish species that seek shelter when it is time to spawn. The fish motels were constructed by layering logs in a criss-cross formation to form a tower like structure that provided bulk and complexity for the fish species through differing water heights of the river. The structures were then held in place within the river by large poles that are driven into the river bed.

**Inspiring environmental solutions-**

A negative environmental event in the Wangaratta community has led to positive opportunities over the long term. The 'Plume Positive' project provides funding for environmental projects in an area affected by the 2011 Nuplex pollution plume. Funding for the project was made possible by EPA Victoria's Inspiring Environmental Solutions program and granted through the Magistrates' Court to the Rural City of Wangaratta to support a community environment project. The Wangaratta Sustainability Network, NECMA, Restoring Our Waterways Group, Wangaratta Urban Landcare Group, Ovens Landcare Network, Park Lane Nursery and the Rural City of Wangaratta worked together on four major projects that incorporated; median strip tree planting to improve streetscape, enhancements to the Wareena Wetland with planting and a picnic area, identification of significant trees through a local photo competition and exhibition, and flora and fauna surveys and water quality testing. NECMA's Waterwatch program played a role in delivering community events on the topics of macroinvertebrates, volunteer monitoring opportunities, water quality testing and local school sessions. Through these events many people had the opportunity to learn more about One Mile Creek and its water quality challenges.

**Better preparing for flood events-**

Wangaratta has a history of severe flooding associated with the Ovens and King Rivers and One and Three Mile Creek. Previous flood risk assessments undertaken in preparation of the Wangaratta Floodplain Management Study between 1996 and 1998 provided important information for land use planning but little information for emergency management. Painters Island Caravan Park has historically been severely affected by flooding. An issue-specific Roundtable was established for Painters Island and independently chaired. The broader based Wangaratta Roundtable has now been established to look at flooding issues in the Wangaratta urban areas. In June 2014, funding was announced for Stage 1 of a Wangaratta Urban Waterways Flood Investigation. It will revise current flood mapping for the Wangaratta urban waterways and update flood intelligence for emergency response. NECMA will manage the investigation in partnership with the Rural City of Wangaratta and the Victorian State Emergency Service. The project will include consultation with the community to ensure local knowledge and input is captured throughout the investigation. The project will provide high quality and current flood intelligence data for inclusion in flood management plans and local flood guides. Flood intelligence will also assist with land use planning, emergency planning for flood events and community education.

**20** Waterwatch volunteers collected valuable water quality data from locations across the catchment.

**21** In June 2014 funding was announced for Stage 1 of a Wangaratta Urban Waterways Flood investigation.



## KEY CHALLENGES

**Assessing potential impact of mining on water assets** – It is difficult to accurately assess the potential impact of coal seam gas exploration and coal seam mining on water assets in the region. A vulnerability analysis commissioned by NECMA provided some data, however limitations on criteria and weighting of values limited opportunities to increase rigour around this tool.

**‘Crowding out’** - The extension delivery environment within some target areas is crowded. There are lots of activities happening in this space and the risk is that land holders become saturated with information. To manage this risk, agencies are seeking to collaborate across projects wherever possible to reduce competition and gain efficiencies in information delivery.

**Environmental reserves** – Measuring the influence of environmental water resources on natural resource management and water resource sharing arrangements is difficult.

## PART 2: CATCHMENT CONDITION

INLAND AQUATIC ECOSYSTEMS THEME	SUMMARY
THE CONDITION OF RIVERS, WETLANDS, ESTUARIES AND GROUNDWATER: INCLUDING PHYSICAL FORM, HYDROLOGY, VEGETATION, INVERTEBRATES, VERTEBRATES, WATER QUALITY AND PROVISION FOR ENVIRONMENTAL FLOWS.	OVERALL CONDITION STATUS: Poor-moderate
	TREND Improving

River and wetland assets, and the aquatic and terrestrial ecosystems that they support, are the most notable characteristics of the North East region. The major river valleys of the Ovens and King, Kiewa, Mitta Mitta and Upper Murray Rivers are unique and integral to the environmental, economic and social values of the region. The rivers and wetlands often have crown land associated with them.

Overall, river and wetland assets are in a relatively moderate condition, providing stable, clean water yield and quality and a diverse range of habitats for aquatic dependant species (Index of Stream and

Wetland Condition and Sustainable Rivers Audit). For example, of the 42 assessed wetlands in the North East CMA region, 24% were in excellent condition and 33% in good condition.

However, there are significant river and wetland health issues in the region.

The quality of rivers and wetlands can be affected over different time scales by bushfires, extent of ground cover, inappropriate land use, high intensity rainfall events, cold water releases from storages, de-silting weirs, water extraction and regulation and climate change.

## INSIGHT - INLAND AQUATIC ECOSYSTEMS

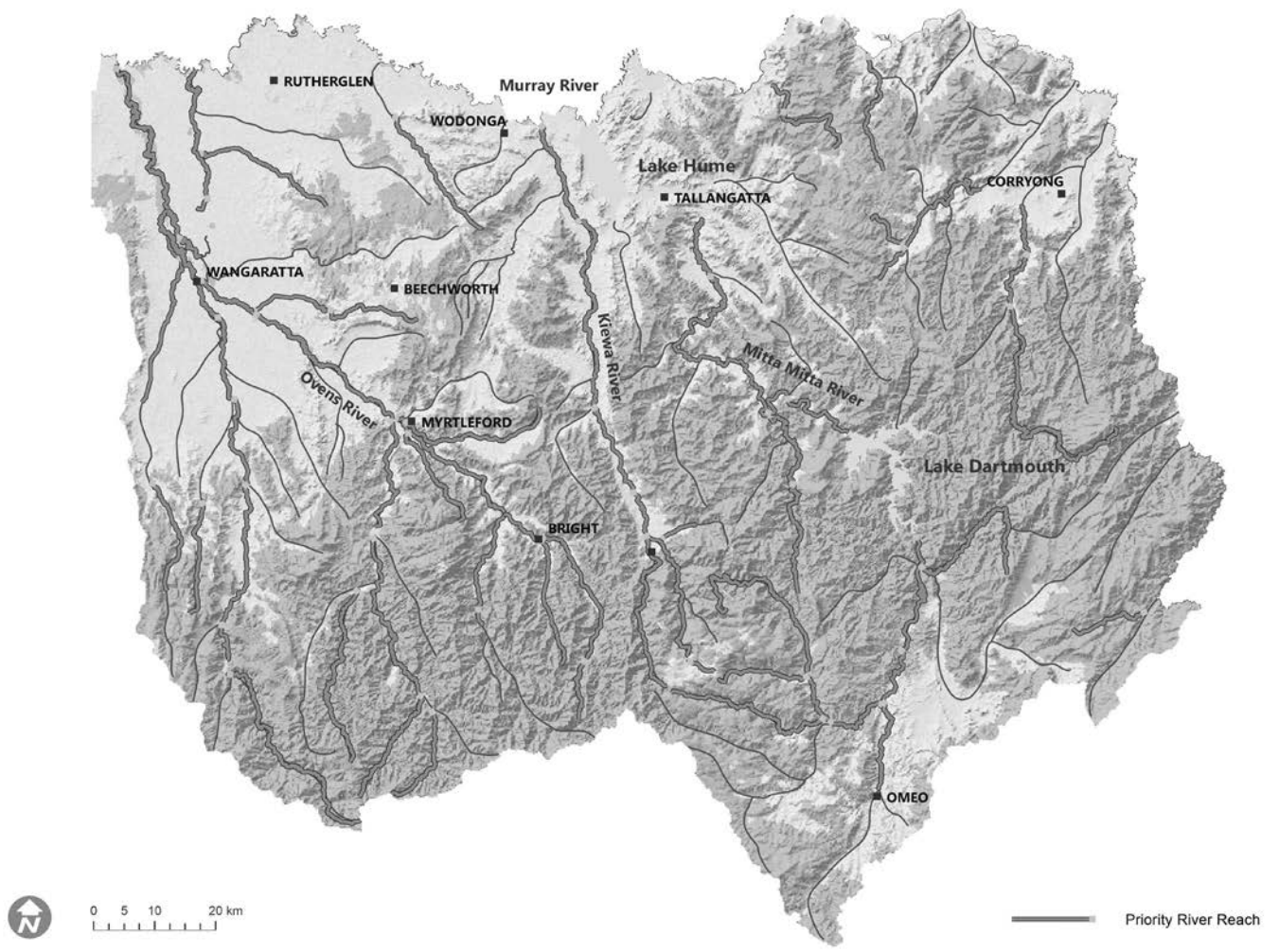
NECMA sought to secure priority waterways across the catchment by undertaking and overseeing strategic works on waterway systems. The map provided highlights the diversity and purpose of these waterway management works:

- Threat reduction works to improve the condition of Reedy Creek and associated floodplain wetlands (Lower Ovens Waterway system)
- Protect the environmental values of the Fifteen Mile Creek (Lower Ovens)
- Manage the abandonment of two river channels of the Ovens River and the establishment of a new course in different locations on the floodplain (Upper Ovens)
- Manage the potential threat of an Ovens River/ Happy Valley Creek avulsion between Ovens and Myrtleford and reduce and delay an avulsion event (Upper Ovens)
- Monitor benchmark aquatic systems in the Ovens Basin, Little Snowy Creek pre and post river health works (Lower Ovens, Upper Ovens, Lower Mitta Mitta Waterway systems)
- Undertake riparian protection and restoration works in the Little Snowy Creek (Lower Mitta Mitta)
- Complete restoration works along the remaining 25% of Livingstone Creek (Upper Mitta Mitta)
- Work in partnership with landholders along the Nariel Creek and the Corryong community to complete riparian restoration works for improved fish habitat (Upper Murray)
- Riparian protection and restoration works to protect, enhance and restore priority sections of the Kiewa River (Kiewa waterway system)
- Manage seedling willow in the Ovens and King catchments (Lower Ovens, Upper Ovens, King Waterway systems)
- Support river health activities in the Upper Ovens catchment (Upper Ovens)



MAP OF PRIORITY WATERWAYS - REACHES  
(EXTRACT FROM DRAFT NORTH EAST WATERWAY STRATEGY 2014).

NOTE: The priorities completed in 2013-2014 were based on the RRHS and not the Draft North East Waterway Strategy 2014.



# LAND HEALTH



22



23

## PART 1: MANAGEMENT SUMMARY

Management to improve land health threats such as, erosion, soil health, vegetation removal, and pest plants and animals.

NECMA in partnership with DEPI delivered a suite of integrated extension activities across the region with the central goal of improving the understanding and knowledge of landholders about the threats to land health and opportunities for addressing these threats.

Sustainable agriculture was a key focus. The established partnership between the two organisations has meant that the programs can value add to each other and efficiencies in delivery have been achieved. Through events, field days and incentive programs agencies sought to inform and educate landholders about the productive benefits of soil carbon in an economically and environmentally sustainable agricultural landscape.

Key land health activities included soil testing, individual farm planning and technical advice, field days and community awareness via media. Awareness activities were complimented by the delivery of incentives that sought to facilitate a change in land management practices by private landholders.

DEPI undertook works to manage soil erosion, and revegetated and protected remnant vegetation with a view to improving priority biodiversity assets in the catchment. Trust for Nature and NECMA developed site management agreements with landholders. These complimented works by setting out appropriate land management practices for addressing soil erosion and protecting biodiversity over the long term.

**22** Landcare remained strong and active in the region and continued to be a cornerstone of community engagement, volunteer recruitment and environmental protection.

**23** More than 1,300 landholders have participated in soil management projects run in the catchment in recent years.

## KEY ACHIEVEMENTS

**Improving soil management and ground cover** - More than 1,300 landholders have participated in soil management projects run in the catchment in recent years.

A Land Resource Base project led by NECMA in 2013/2014 further strived to support a resilient agricultural sector in North East Victoria by improving management of soils and groundcover. This project sought to increase the knowledge and skills of landholders using demonstration sites, forums, field days and extension to achieve 80% ground cover, improved ecosystem services as measured by improved water quality, soil PH, nutrient condition, and increased values of groundcover to biodiversity and production. The project exceeded all targets, effectively engaging a wide diversity of landholders across a broad range of industry and enterprise types. Landcare groups hosted and promoted events, a new Sustainable Agriculture Steering Committee helped to improve co-ordination and collaboration between partners and DEPI contributed technical support to several events, specifically Soil pH mapping, supplementary feeding, and support for Demonstration Farm projects.

**Catchment biochar partnerships** - Biochar production is an emerging market with significant potential for commodities generated from the biochar process: biochar sales and carbon credits. Both markets in Australia are immature and emerging markets. NECMA continued its involvement in development and use of a pioneering mobile device to convert woody debris, including willow waste, into biochar. A Mobile Pyrolysis Plant (MPP) developed in partnership with Earth Systems through funding provided under the Victorian State Government's Market Validation Program was field tested and in operation during the year. NECMA is uniquely placed in the biochar industry, currently having the only operational unit in Australia. A number of partners in the catchment expressed interest

and/or have potential demand for the plant. In December 2013, the NECMA Board endorsed ongoing development and use of the mobile pyrolysis plant as it offers opportunities for further research and development; development of community partnerships; and can maximise the catchment's position as industry innovators and leaders while managing risk and financial impacts. This ongoing and highly successful project has fostered good working relationships between partners and investors, and delivered an operating "proof of concept" mobile pyrolysis unit.

## KEY CHALLENGES

### Availability of 'change agents' -

Active community groups with the drive and participatory support needed to implement a mentor/demonstration farm project are limited and require much more support to achieve outcomes from their sites. This impacts on the ability of agencies to continue to meet milestones in future years.

**Measuring change** - Adoption of improved practices for land management and learning from events takes time to apply and its impact is difficult to accurately measure in the short term.

For example, measuring the extent to which a farming entity maintained groundcover, managed soil acidity and improved soil health in a single year is difficult due to short turn around time from knowledge gained to result measured. Effective measurement requires more thought in future to improve the robustness of the numbers and value in being a real measure of success of the project.

### Sustainable agriculture saturation-

There appears to be an over abundance of field days, events and forums especially in the field of sustainable agriculture. Agencies reported competition for participants due to 'too many' field days and an overlap in topics. Landholders and community members have limited time available and this is impacting on opportunities to deliver workshops and attendance.

## PART 2: CATCHMENT CONDITION

LAND HEALTH THEME	SUMMARY
THE CONDITION OF HIGHLY MODIFIED LANDSCAPES WITH REGARD TO THE JOINT REQUIREMENTS OF PROTECTING NATURAL RESOURCE VALUES AND MANAGING PRIMARY PRODUCTION. IMPORTANT NRM ISSUES INCLUDE SALINITY, EROSION, VEGETATION, PEST PLANTS AND ANIMALS AND THREATENING LAND MANAGEMENT PRACTICES.	OVERALL CONDITION STATUS: Moderate
	TREND Stable

The soils of the North East region:

- contribute to regional economic viability;
- perform a range of environmental ecosystem services including provision of clean water, carbon cycling/storage, support for biodiversity, resistance to erosion;
- influence the quality of natural resources such as air, water and biodiversity; and
- provide a variety of services for a diverse range of stakeholders - from supporting remnant vegetation in forested areas through to intensive horticulture.

Overall, the region's soil and land asset is in moderate condition, with a declining trend in cleared areas (primarily private land), whereas

public managed land is generally in moderate to good condition. Soils vary greatly across the region, ranging from sand through to clays, with a range of physical and chemical properties.

Soil erosion, soil structure decline, and organic matter loss are all significant soil health issues in the region. The North East also has some of the most acidic soils in the State. Key risks to soil and land assets include erosion, soil structure decline, organic matter loss, soil pathogens, acidity, salinity (dryland) and predicted increases in climate variability. Soil health problems are exacerbated in areas affected by land clearing, inappropriate land uses and management practices, and bushfires.

## INSIGHT - LAND HEALTH

The soils in the North East region provide a variety of services for a diverse range of stakeholders - from supporting remnant vegetation in forested areas through to intensive horticulture. Maintaining healthy soils and associated vegetation cover in areas of high rainfall and steep topography supports natural resource functions such as the production of clean water for the broader Murray Darling Basin.

Soil carbon levels and acidity are common indicators used to assess the health of soils. The extent to which the soil resource is utilised, maintained or enhanced is related to the land manager's understanding of the capacity, chemistry, structure and physical attributes of their soil. Accordingly, building on land managers' knowledge of soil management and on farm techniques will be fundamental in preventing further decline in soil health and its productive capacity.

Source: 2013 North East Regional Catchment Strategy

# COMMUNITY CAPACITY



## PART 1: MANAGEMENT SUMMARY

Activities undertaken to improve community capacity in the region.

Partner agencies in the North East sought to build community capacity by delivering and supporting a range of activities.

Landcare remained strong and active in the region and continued to be a cornerstone of community engagement, volunteer recruitment and environmental protection.

The North East Landcare Support Plan aims to support the capacity and resilience of Landcare and other community groups, particularly via strategic planning. Partner agencies assisted Landcare Networks to undertake Network planning, project planning and delivery; encouraged and helped groups to access Second Generation Landcare funding; provided training and support to community employed Landcare Facilitators and Project Managers; and supported Indigenous community involvement in natural resource management.

Waterwatch continued to train community volunteers, building water quality monitoring capacity across the region.

Extension visits to participant landholders for Trust for Nature and Woodlands projects helped to build and maintain management skills.

**24** In October more than 200 grade five students from the Wangaratta area joined a Student Environment Day hosted by ten agencies. The day featured educational activities about water, waste, biodiversity, Indigenous culture and energy.

**25** There is strong community commitment to improving the condition of natural resources across the region.

## KEY ACHIEVEMENTS

**Engaging and partnering across a catchment** - As part of its *facilitate and coordinate* focus, NECMA encouraged information sharing and built relationships with a range of organisations to encourage protection of natural resources in the catchment. The Authority extended Local Government relationships with Alpine Shire based on joint development of a local government area Regional Catchment Strategy (RCS) and signed a co-operative MOU with East Gippsland Shire. It reconnected with the Omeo/Benamبرا community and encouraged Indigenous community capacity for involvement in natural resource management through building leadership skills and the use of traditional knowledge.

**Continuing the Catchment Conversation** - Following a series of successful "Catchment Conversations" undertaken as part of the RCS renewal process during 2012, NECMA made a commitment to continue the conversation with communities across the catchment. This approach assisted NECMA to understand natural resource, social and economic trends.

During 2013/2014 NECMA utilised feedback gathered through multiple face-to-face and online conversations to develop goals for waterway management, identify stressors and community values about waterways.

In April NECMA invited the catchment community to review and test the draft North East Waterway Strategy. It devised an overarching campaign theme and offered a range of processes to encourage maximum participation in the consultation period. This proved to be successful, with almost 80 people attending "Catchment Conversation" events and many others engaged via displays placed at the Tallangatta lifestyle expo, Shire offices and wineries in the region.

**Building Indigenous community capacity for involvement in natural resource management -**

Local Elders in the catchment have identified a series of high priorities, including building the capacity of Indigenous youth to be actively involved in NRM planning and implementation; building confidence in and use of Traditional Ecological Knowledge (TEK) in natural resource management within the Indigenous and broader community; and working with a Traditional Owner Group to develop an enterprise model for delivering cultural heritage and TEK training and NRM services in the region.

During the year NECMA partnered with a range of groups to deliver on these priorities. Highlights included a fire forum developed in partnership with Kiewa Landcare Network that focused on Indigenous fire practice. This forum attracted more than 150 people, including members of the CFA and DEPI and representatives from Indigenous nations across Victoria. Landholders, DEPI and CFA subsequently used the knowledge gained from this forum to undertake winter burns. A series of films commissioned by NECMA were requested and supplied to the Prime Minister's Cabinet for the purpose of informing the Indigenous Policy Branch and for presentation to various environment units.

**Promoting water quality -**

Waterwatch continued to implement the data collection and dissemination program through the training and support of adult water quality monitors to raise awareness of stream health and condition in the region. Monitors collected baseline data on streams that provided a broad indication of the overall health of waterways in the region. This information was collated and made available to relevant stakeholders for future NRM planning. The program uses an 'asset based' approach to deliver the community waterways monitoring program. This enables community data to effectively contribute to natural resource management planning as well as NECMA on-ground works pre and post physical and chemical monitoring. More than 60 volunteers collected monthly water quality data from over 90 sites across the NECMA region. All data was Quality Assured and monitored monthly in accordance with the Environment Protection Authority State Environment Protection Policy (Waters of Victoria) Protection Policy Objectives before being stored on a new Waterwatch Data Management System. Waterwatch continued to support and participate in the SEED program (Schools Environmental Education Directory), including financially supporting a project officer to continue to deliver the SEED roadshow days, SEED website and interaction with the North East Primary and Secondary Schools.

## KEY CHALLENGES

### Understanding the needs of rural landholders:

There is a knowledge gap about the aspirations and needs of rural landholders who are not full-time farmers. This group of people may manage up to half the privately owned rural land in North East Victoria. A research project is currently underway to collect this information. Events and resources will then be developed to target this demographic.

### Declining volunteer base:

More people are seeking one off (episodic) volunteering opportunities that they can fit into their busy lives, rather than committing to ongoing roles that they may find difficult to fulfil. New approaches are required to encourage voluntary participation in natural resource management. Innovative technology and communication tools can be used to harness new ideas and to connect people to the volunteering opportunities and maintain enthusiasm.

**Aboriginal participation:** Health and family issues prevented some members of the Aboriginal community from attending traditional ecological knowledge sharing activities and other scheduled events.

**Connecting people with the right support:** Community feedback and research undertaken during the renewal of the North East Regional Catchment Strategy highlighted that people want to feel in control and receive support targeted to their needs. At the same time, due to the vast array of support providers and specialisation, it is becoming harder for people to determine who they should contact for assistance.

### More support needed for

**Waterwatch:** Some volunteers are retiring from water quality monitoring and Waterwatch is currently unable to provide support to any further volunteers due to lack of funding for equipment and staff availability. Councils are struggling to financially fund equipment for Waterwatch volunteers.

**Providing the opportunity to participate and give/donate:** Many individuals wish to support NRM by participating indirectly or by donating.

## PART 2: CATCHMENT CONDITION

COMMUNITY CAPACITY THEME	SUMMARY
THE CAPACITY OF COMMUNITIES TO SUPPORT NRM OUTCOMES THROUGH SPECIFIC SKILLS, KNOWLEDGE, ON -GROUND ACTIVITIES AS WELL AS LEVELS OF ORGANISATION THROUGH GROUPS AND NETWORKS.	OVERALL STATUS IN REGION: Moderate
	TREND: Stable

There is strong community commitment to improving the condition of natural resources across the region. This is evident with the uptake in partnership projects, active participation and the emergence of urban Landcare groups. Other programs conducted by natural resource management organisations also attracted volunteers that played a significant role in data collection, on-ground works and feedback. While the primary objective of these community networks was to improve natural resource management, they also provide an opportunity for sharing ideas and a community support role.

The capacity of Landcare Networks in the region remained stable, particularly for Groups who secured Victorian Government funding for Local Landcare Facilitators. These included; Kiewa Catchment Landcare, Mid Ovens collective, Mitta Valley Landcare Group, Ovens Landcare Network, Upper Murray Landcare Network and Friends of Willow Park. The latter group promoted the formation of the Wodonga Urban Landcare Network. A number of Networks and groups continued to deliver large scale projects funded through a range of Victorian and Commonwealth Grants programs.

## INSIGHT - COMMUNITY CAPACITY

Changing and divergent demographics: Demographic change is reconfiguring land use patterns in the North East region, influencing land management motivations, land values, and social structures. There are higher rates of absentee ownership of rural properties; lifestyle and urban areas are becoming more socially diverse; the population is ageing and there is an increasing trend in turnover of land managers. Engaging young people in land management is a significant challenge - many are interested in environmental issues but are not generally land owners or managers in their youth.

# ENVIRONMENTAL STEWARDSHIP

**26** Student Environment Days featured educational activities about water, waste, biodiversity, Indigenous culture and energy.

## **PART 1:** MANAGEMENT SUMMARY

Activities undertaken to improve environmental stewardship in the region.

In 2013/14 NECMA continued to work closely with partners and the community to facilitate the environmental stewardship of the landscape. This was achieved through:

- Organisations working more effectively together through the signing of the Hume Regional Operating Agreement, a new mechanism aimed at driving more effective, efficient and accountable service delivery in regional Victoria.
- Strengthening the relationships with local government by the signing of MOUs with East Gippsland Shire and Alpine Shire, and involvement with the Wangaratta Roundtable and Indigo Shire Environment Advisory Committee;
- Reaching an agreement with the community to manage and maintain sites where willow removal has occurred.

## KEY ACHIEVEMENTS

### **Release of a new Willow Management Policy:**

NECMA worked with a range of partners in the region to resolve community concerns regarding the management of willows. NECMA developed an updated willow management policy that was informed by extensive community consultation. The goal of the policy is to work with the community to practically and sustainably protect the health of waterways by reducing the spread and adverse impacts of willows. The policy was released in Myrtleford by the Hon. Bill Sykes MP.

### **Strengthen the partnerships with Local Government in the region:**

NECMA signed an MOU with East Gippsland Shire focussed on providing quality services to customers in the Omeo and Benambra community.

This partnership successfully revitalised the Livingstone Creek Park following flooding in 2012. The partners plan to work together with the community into the future.

An MoU that NECMA developed with Alpine Shire reflected the organisation's desire for improved cooperation and represented a continuation and expansion of a long term working relationship between each organisation.

A roundtable partnership between the community, NECMA, the Rural City of Wangaratta and the Victorian SES initially focussed on specific issues relating to Painters Island Caravan Park. The scope of the group expanded with the aim of looking at flooding issues within the broader urban areas of Wangaratta.



### **Improving the quality and resilience of vegetation in the North East:**

In December 2013 the Minister for Environment and Climate Change announced \$4.59 million in funding from the Victorian Environment Partnership Program (VEPP) for a multi-region project to improve vegetation in Victoria's North East. Through Northern Eco Connections, the North East, Goulburn Broken and North Central Catchment Management Authorities (CMAs) ran a competitive tender process to support landholders to undertake environmental works on private property, rewarding applications that offer the best environmental value for money. Landholders with successful bids were required to enter into a management plan, with funding available to complete works over a five year period.

The Victorian Government's investment in the Central Victorian Box-Ironbark and Murray River corridors aimed to increase the resilience and connectivity of vegetation in these areas. A key objective for CMAs was to work with landholders to improve the quality and extent of native vegetation within targeted landscapes. The project promotes practical, local action by including a wide range of land uses and opportunities for community involvement. It addresses threatened species populations, with funding allocated to projects that can create significant habitat links and reduce threats to important populations and habitats of threatened species in Victoria.

**Supporting Landcare:** Regional Landcare Facilitators worked with networks and groups in a strategic capacity, supporting them to access funding, ensuring provision and knowledge of relevant resources, improving governance systems and encouraging greater community participation. In particular, assistance provided to the Mitta to Murray Network to explore options to improve governance and engagement was received very

positively and supported important decisions made by the Network. Similar support was provided to the Beechworth Urban Landcare & Sustainability Group to encourage group 'revitalisation'. The production of two short films was a highlight. *Dung Beetles - Underground army, enriching soils*, and *Lindsay Humphry - A lifetime of healthy farming* were promoted to groups as an alternative to having a guest speaker at meetings and made available for viewing on YouTube. The Minister for Environment and Climate Change launched a new North East Landcare Support Plan during a visit to the region in December and NECMA actively supported the DEPI funded Statewide position of Indigenous Landcare Facilitator who delivered training across nine CMA regions.

## **KEY CHALLENGES**

**Encouraging covenants:** New covenant adoption is highly dependent on incentive funds in North East Victoria. Unlike other parts of the State, the North East has very low levels of 'reactive' covenants. This means that the extension approach has to be very strong, multi-faceted and linked with incentives. The success of Trust for Nature is influenced by how effectively the organisation works with project partners and individuals. In the North East, TFN is directly aided in its work by NECMA, DEPI and Landcare.

**Variable uptake of tenders:** Uptake of competitive tenders is uncertain and highly variable. It is difficult to adequately plan appropriate resources until the final number and character of expression of interest processes is known. In addition, client expectations of funding levels are increasing and is a factor that project staff need to consider in the development of incentive programs. There is scope for social research into the update, challenges and success of competitive conservation tenders.



**27** Student Environment Days featured educational activities about water, waste, biodiversity, Indigenous culture and energy.

**28** NECMA worked closely with partners and the community to facilitate the environmental stewardship of the landscape.

## PART 2: CATCHMENT CONDITION

ENVIRONMENTAL STEWARDSHIP THEME	SUMMARY
DESCRIBE THE LEVEL OF ACTIVE ENVIRONMENTAL STEWARDSHIP ON BOTH PUBLIC AND PRIVATE LAND. EXAMPLES INCLUDE THE APPLICATION OF MANAGEMENT PLANS AND AGREEMENTS FOR LAND PROTECTION.	OVERALL STATUS IN REGION: No standard measure available
	TREND Stable

Approximately 45% of the North East region is privately owned land. Livestock grazing is the main primary industry, with more than half the region's agricultural land under pasture.

In recent years, there have been considerable increases in the development of horticultural enterprises such as hops, grapes, apples, olives, nuts, berries and other fruit. Softwood plantation forestry is also a significant contributor to the gross value of the region's production.

At a regional level, environmental stewardship outcomes are being achieved by a range of programs through the development of management, funding and incentives agreements, particularly where environmental works are being undertaken. There is a significant

area of private land under agreement via a range of programs where landowners are achieving environmental stewardship and natural resource management outcomes. These agreements are ongoing in the medium timeframe as the term of agreements are between five and ten years. Research into a subset of programs has shown a high level of ongoing stewardship of sites both during the term of the agreement and beyond.

The public land estate in the North East region is managed under a range of active stewardship frameworks such as the National Reserve System management plan system overseen by DEPI and implemented by Parks Victoria. This framework oversees a range of environmental stewardship activities and outcomes in the extensive crown land estate of the North East region.



## INSIGHT - SUPPORTING LANDCARE

The North East region has the highest rate of Landcare membership amongst farmers in Victoria, with 50 Landcare groups and three Landcare networks operating. Since its formation in 1997, the North East Catchment Management Authority (NECMA) has recognised that strong, active Landcare and related groups will actively participate in NRM projects and provide effective engagement with the community to promote and deliver regional and project activities. For these reasons, NECMA strives to build and maintain group capacity to enable involvement, rather than using groups as a service delivery arm. The key focus of NECMA Landcare Support has been to build the skills and capacity of Landcare groups, their executives, project managers and members, to enable them to deliver their priorities. The strength of Landcare groups, combined with the assistance of NECMA support and funding has resulted in groups being able to deliver a wide range of NRM projects, ranging from small local projects to large landscape-scale and region-wide integrated projects.

# MONITORING IMPLEMENTATION OF THE REGIONAL CATCHMENT STRATEGY

Monitoring, evaluation and reporting (MER) are integral to management of natural resources. However, monitoring of natural resource condition is difficult.

Future natural resource condition assessments in the North East region will need to:

- be place based
- relate to values and context
- recognise key social, economic and environmental values that can be achieved.

NECMA is developing a Monitoring, Evaluation and Reporting (MER) Plan to support the Regional Catchment Strategy. This Plan will align with a 20 year high level objective of the North East Regional Catchment Strategy:

Agencies and the community will work together to monitor and evaluate the condition of natural resources and effectiveness of protection measures to improve natural resource management.

NECMA will collaborate with partner agencies to collect and collate the data required to help achieve this objective. As part of this process, NECMA will lead development of a natural resource management portal for the North East region. This portal will become a capture and reporting mechanism for agencies, community groups and researchers.

## TIMEFRAMES AND APPROACH

NECMA commenced development of a Regional Catchment Strategy MER Plan in consultation with DEPI and key stakeholders in July 2014.

As the Regional Catchment Strategy is building on previous natural resource management efforts and frameworks, the MER Plan will need to define what success looks like.

To do this, the Plan will need to identify how the current state for each landscape relates to both the practical ideal state and undesirable state. As these states will vary greatly across the region, monitoring will need to occur at a high level.

As a starting point, key indicators that relate to, or influence, the practical ideal state for each of the five landscapes will be used to measure progress towards attainment of the 20-year landscape objectives within the RCS. Over time, these indicators will be applied to the region's natural assets and identified community participation objectives.

## KEY CHALLENGES

The measurement of condition change and landholder practice change is relatively resource intense (an example being the Index of Stream Condition assessments conducted approximately every six years) and specific funding will need to be allocated for this purpose.

The completed MER Plan will recognise that:

- monitoring will be undertaken at a high-level, integrated manner to reflect the nature of the region's program delivery
- natural resource condition change can occur over a long time frame and is also subject to other factors beyond the control of natural resource management organisations (such as drought and fires)

- communities and ecological systems co-evolve and there will be a need to create flexibility to cope with change
- there is a need to collate, analyse and interpret data collected through monitoring, so providing valuable data about regional trends and patterns. This data can be used to inform and support adaptive management.

### HOW NECMA WILL EVALUATE AND REPORT IN FUTURE

To fulfil requirements under section 19B of the *Catchment and Land Protection Act 1994*, NECMA is required to annually report on the condition and management of land and water resources in the region. NECMA commits to:






- providing an annual progress report to the RCS partners. This will include a summary of activities delivered by the North East region's NRM partners throughout the year.
- undertaking a mid-term evaluation of the RCS by July 2016. This review will allow redirection of management measures if new supporting information has become available.
- undertaking a major review of the RCS by July 2019. The ability to adapt is critical to resilience. Appropriate evaluation will inform this process.

While government requirements for evaluation often change and differ between and within agencies, NECMA believes evaluation processes should remain constant. Monitoring against benchmarks will provide the data needed to understand long-term progress.

It is envisaged that a mix of qualitative and quantitative data will be included in the MER plan. NECMA will investigate use of the successful 'catchment conversation' mechanism as a key source of tracking community sentiment and trends over time.

## MAKING SENSE OF NORTH EAST VICTORIA - LANDSCAPES AS A CONNECTION POINT

During the renewal of the North East Regional Catchment Strategy, people identified five landscapes systems that were meaningful to them - Urban, Lifestyle, Agriculture, Forestry and Alpine. Each of these landscape systems has their own characteristics, functions and dynamics. The Regional Catchment Strategy lists a recommended priority action for each of these landscapes. These actions were drawn from the identified management measures for that landscape.

<p><b>URBAN LANDSCAPE</b></p> 	<p><b>PRIORITY ACTION:</b> Present waterways, parks and reserves as a centrepiece within an urban landscape to improve liveability and community connection with the environment</p>
<p><b>LIFESTYLE LANDSCAPE</b></p> 	<p><b>PRIORITY ACTION:</b> Encourage networking programs that provide for collaborative community participation in natural resource management use and management</p>
<p><b>AGRICULTURE LANDSCAPE</b></p> 	<p><b>PRIORITY ACTION:</b> Support development of community-based solutions to challenges such as the ageing demographics of the farming community</p>
<p><b>FOREST LANDSCAPE</b></p> 	<p><b>PRIORITY ACTION:</b> Build on existing community and government partnerships to develop a sustainable firewood industry to divert collection away from sensitive areas</p>
<p><b>ALPINE LANDSCAPE</b></p> 	<p><b>PRIORITY ACTION:</b> Promote the diversity and uniqueness of the Alpine landscape to improve the connection of the broader community with this landscape and encourage investment in the protection of its natural resource assets</p>

# GOVERNANCE

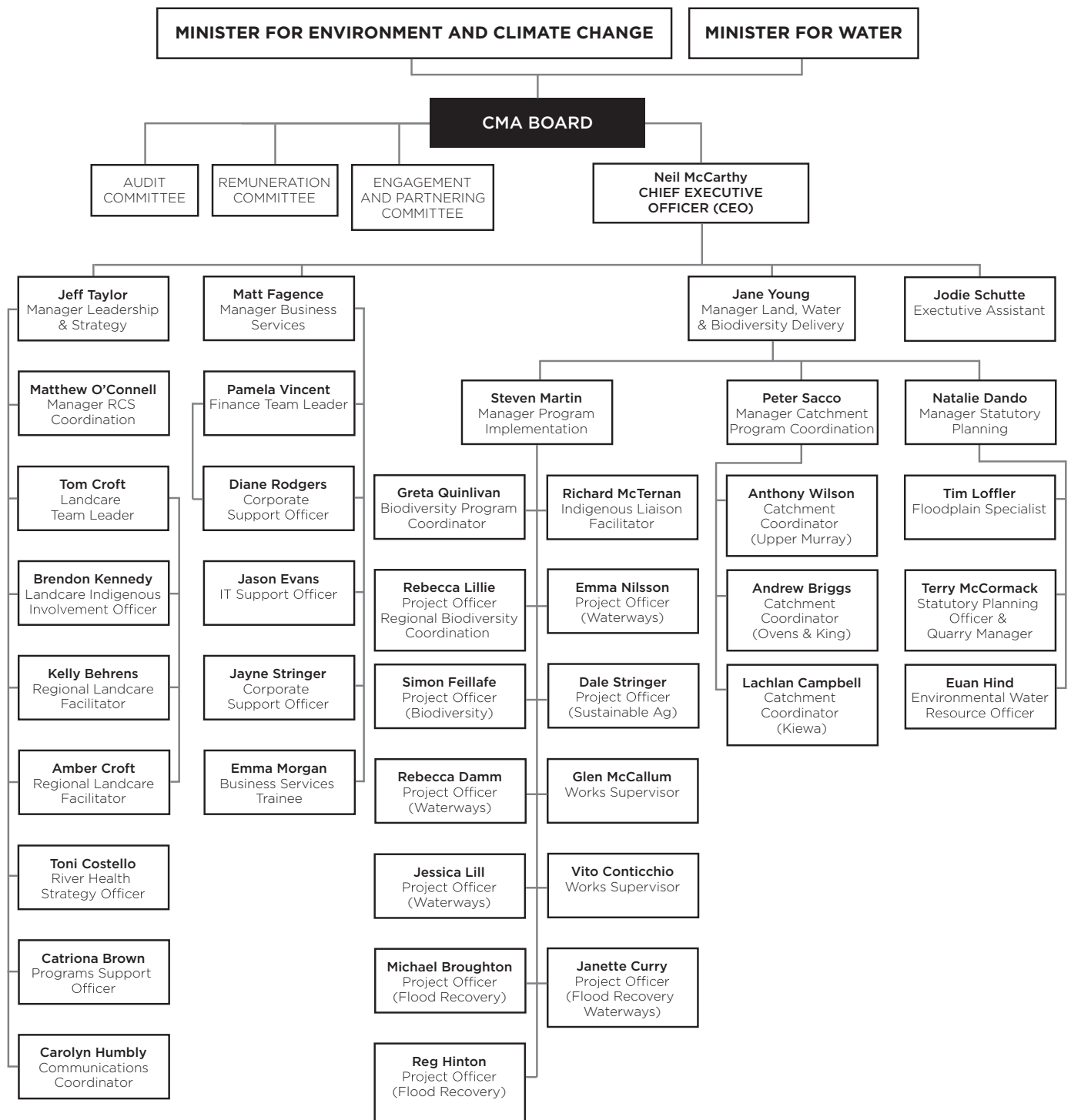
## OVERVIEW

### THE NORTH EAST CATCHMENT MANAGEMENT AUTHORITY VALUES AND UPHOLDS GOOD GOVERNANCE PRACTICES BY:

- Enabling open interaction between its senior management team, Board and key stakeholders
- Setting strategic direction
- Managing risks
- Developing, monitoring and maintaining policies and procedures
- Managing the CMA's finances in accordance with the Financial Management Act 1994
- Board Members annual declaration of pecuniary interests

# ORGANISATIONAL STRUCTURE

FIGURE 1 ORGANISATIONAL STRUCTURE



29



**29 LYN COULSTON, OAM  
(CHAIRPERSON)**

Lyn owns and operates a plant propagation and landscape design business in the Upper Murray. She has been a North East CMA Board member since 2000 and is a former Councillor and Mayor of the Towong shire. Lyn is also Chair of the Victorian Blackberry Taskforce and Trees Victoria, and Secretary of the Upper Murray Landcare Network. A graduate of the Alpine Valleys Community Leadership Program, Lyn was a finalist in the 2008 National Landcare Awards, and was recognised for service to conservation and the environment, and to the community of Towong with a medal of the Order of Australia in the 2014 Queens Birthday Honours List.

30



**30 ANTHONY JARVIS  
(DEPUTY CHAIRPERSON)**

Anthony is a fifth generation farmer at Cudgewa, whose main enterprise is beef cattle. He has been a member of the North East CMA Board since 2006. Anthony is president of the Upper Murray Landcare Network and Treasurer for both the Upper Murray Agribusiness Group and Cudgewa Landcare Group, and a Member of the Victorian Blackberry Taskforce. Anthony has qualifications in agriculture.

**31 BERNARD YOUNG  
(BOARD MEMBER)**

Bernard holds qualifications in forestry and forestry science and is a graduate of the Australian Institute of Company Directors. He has extensive experience in government, business development and forestry research and management.

**32 BEN CLIFTON  
(BOARD MEMBER)**

Ben is a primary producer, wine and cider maker and property manager in Beechworth also with experience in prime lamb farming and a strong interest in sustainable agriculture. Ben is a graduate of the DAFF Rural Young Leaders course and Entrepreneurs skills enhancement studies from Victoria University. Before joining his family's farm and business Ben was in the Australian Army for 7 years and is a returned serviceman. He is heavily involved in the CFA as well.

**33 MAUREEN ROGERS  
(BOARD MEMBER)**

Maureen is an environmental economist working as a contract researcher with various universities. Recent projects include rural landholder responses to climate change, implications of water tariffs on the elderly in rural communities, issues facing ageing farmers, and the use of mind mapping techniques to explore different understandings of fire management in national parks. Maureen also has significant experience in the 'art of community engagement' using local artists to engage people in community sustainability. She has qualifications in Economics, Natural Resource Management and Environmental Economics, and is interested in rural community development and land use in a changing world.

**34 RHONDA SERPELL  
(BOARD MEMBER)**

Rhonda is a self employed primary producer of 30 years, and is currently an executive committee member for the Kiewa Catchment Landcare Groups. Rhonda has qualifications in Horticulture and Company Directorship and is currently studying in the area of criminology and criminal justice. Rhonda's other interests are improving our agricultural landscape and using native plants to increase the sustainability and profitability of agriculture.

**35 HAMISH MACLENNAN  
(BOARD MEMBER)**

Hamish is a retired senior manager from Parks Victoria with qualifications in agriculture and experience in primary production, agronomy and soil conservation. Hamish has formerly held positions on the Boards of Living Legends and Parklands Albury Wodonga. Besides being an active Rotarian, Hamish enjoys hiking, scuba diving and classic motor sports.

**36 ROBERT HESCOCK  
(BOARD MEMBER)**

Rob is General Manager - North East Region with Hancock Victoria Plantations. With qualifications in Forestry and Science, Rob runs a beef property with his wife and also works as a professional forester. He is involved in a range of community activities including his local Landcare Group and most enjoys spending time with family on the farm.



# BOARD MEETINGS

The Board conducted 10 ordinary meetings and one extraordinary meeting during the year. The key projects undertaken by the Board during the year were a review of key Board policies such as Conflict of Interest. The Board furthered the implementation of the Memorandum of Understanding between North East, Goulburn Broken and North Central CMAs to facilitate the efficient use of shared services. The Board also focused on:

- Key strategies
  - o finalising the RWS
  - o implementing the RCS through the development of a RCS Investment Plan
  - o Finalising and launching the Landcare Support Plan
- Engagement with the community at all levels through
  - o Catchment conversations
  - o Key partner and stakeholder relationships

As part of good governance the Board also undertakes an annual review of its performance. The 2012/13 performance review was undertaken and submitted to the Minister in August 2013.

## PECUNIARY INTERESTS

All Board Members and Senior Officers completed an annual declaration of private interests, and Ordinary (Primary) return as well as declaring their interests at meetings as required.

## ATTENDANCE

**TABLE 4 BOARD MEETING ATTENDANCE 2013/2014**

MEMBER	MEETINGS	
	ATTENDED	ELIGIBLE TO ATTEND
Lyn Coulston (Chairperson)	11	11
Anthony Jarvis (Deputy Chairperson)	10	11
Bernard Young	11	11
Benjamin Clifton	10	11
Maureen Rogers	10	11
Rhonda Serpell	11	11
Susan Benedyka (Jul-Sep 2013)	3	4
Tammy Atkins (Jul-Sep 2013)	4	4
Robert Hescocock (Oct 2013 appointment)	7	7
Hamish MacLennan (Oct 2013 appointment)	6	7

## AUDIT COMMITTEE

### ROLE

The Audit Committee has a lead oversight role in financial governance and financial reporting matters. It is actively involved in monitoring financial management compliance issues, particularly in the identification of risk areas and the monitoring of associated rectification plans. It also reviews the integrity of the financial reporting and internal control structures and oversees the financial performance of the entity.

The Audit Committee gathers and assesses information and provides a focus for the Board in managing financial risks and opportunities confronting the entity. Its establishment supports the Board's own performance in the discharge of its financial governance and oversight responsibilities.

### MEMBERSHIP 2013/2014

The members of the Audit committee during the year were:

Tony Jarvis	Chair
Maureen Rogers	Board Member
Rhonda Serpell	Board Member
Ray Park	(External Appointment)

All committee members are non-executive Board Members or External members and are independent in accordance with the Standing Directions of the Minister for Finance under the Financial Management Act 1994.



## MAJOR TASKS 2013/2014

Tasks undertaken by the committee during the year were:

1. Financial Performance and the Financial Reporting Process
  - Reviewed and recommended to Board the 2012/13 Annual Financial Statements.
  - Reviewed the changed Accounting Standards and their effects on the Authority's Financial reports for 2013/14.
  - Undertook a review of the Balance Sheet reporting in 2013/14 with a view to improve this for 2014/15.
2. Internal Audit
  - Monitored the implementation of the OH&S Audit Recommendations
  - Oversaw the Worksafe Insurance Audit
  - Reviewed the VMIA Risk Framework Quality Review and recommended implementation actions to management
  - Reviewed the implementation of the Upper Ovens Stream Flow Tender Audit recommendations
  - Reviewed the implementation of the Financial Management Compliance Framework Audit 2011/12
  - Oversaw the Financial Management Compliance Framework Audit 2012/13
3. External Audit
  - Reviewed the Victorian Auditor Generals' Scope of works for 2013/14.
  - Reviewed the implementation of the 2012/13 Victorian Auditor Generals' management letter recommendations.
4. Risk Management Framework
  - Reviewed and recommended to the Board the Risk Management and Insurance Annual Attestations.
  - Reviewed the Risk Management Framework and recommended its adoption to the Board
  - Reviewed the Strategic Risk Reporting
5. Accountability and Internal Control
  - Reviewed and ratified the Board Chair's Business Expenses.
  - Reviewed and recommended to the Board significant changes to the Committee's Terms of Reference, including the requirement of members to have specific experience, qualifications and or knowledge to be a member of the committee.
  - Undertook the Annual Committee Self-Assessment process.
  - Reviewed and adopted the Committee's Annual Workplan and aligned this with the new Terms of Reference.
6. Management Information Systems
  - Reviewed the Business Systems Strategy regarding greatest areas of risk to the Authority
7. Monitoring Compliance with Laws and Regulations
  - Reviewed nine Board Policies and recommended their adoption by the Board

## ATTENDANCE

The committee met four times during the financial year.

**TABLE 5 AUDIT COMMITTEE MEETING ATTENDANCE 2013/2014**

MEMBER	MEETINGS	
	ATTENDED	ELIGIBLE TO ATTEND
Tony Jarvis (Chair)	4	4
Rhonda Serpell	4	4
Maureen Rogers	3	4
Ray Park	4	4

## REMUNERATION COMMITTEE

### ROLE

The role of the Remuneration Committee is to make recommendations to the Board on the remuneration and performance of the Chief Executive Officer.

### MEMBERSHIP 2013/2014

The members of the Remuneration Committee during the year were:

Lyn Coulston	Chair
Bernard Young	Member
Ben Clifton	Member

The committee met three times during the year to discuss the Chief Executive Officer's performance and remuneration and to set performance indicators for the coming year.

### MAJOR TASKS 2013/2014

Tasks undertaken by the committee during the year were:

- Discuss the Chief Executive Officer's performance and remuneration.
- Set CEO performance indicators for the coming year.
- Discussion on the establishment of a clear Employment Policy.
- Review of results from the 2013 People Matters Survey outcome.

## ATTENDANCE

The committee met once during the year.

**TABLE 6 REMUNERATION COMMITTEE MEETING**

MEMBER	MEETINGS	
	ATTENDED	ELIGIBLE TO ATTEND
Lyn Coulston	1	1
Bernard Young	1	1
Ben Clifton	1	1

## ENGAGEMENT AND PARTNERING COMMITTEE

The function of the Committee is to assist the organisation implement its strategic direction for engagement and partnering.

### ROLE

The role of the Committee is to:

- Develop the Community Engagement and Partnering Framework .
- Assist with the monitoring of external relationships and the internal culture of the organisation.
- Assist management with tactical engagement and partnering planning.
- Assist management with community engagement and partnering innovation.

### MEMBERSHIP 2013/2014

The members of the Engagement and Partnering Committee during the year were:

Lyn Coulston	Chair
Susan Benedyka (to Sep 2013)	Member
Ben Clifton	Member
Tony Jarvis (to Sep 2013)	Member
Maureen Rogers (from Oct 2013)	Member
Hamish MacLennan (from Oct 2013)	Member
Robert Hescock (from Oct 2013)	Member

## MAJOR TASKS 2013/2014

The committee met four times during the year to provide assistance to Management for community engagement planning. Key items discussed during the year were:

- Finalisation of the Community Engagement and Partnerships Strategy, providing direction on priority organisation-level engagement and partnering for the 2014-2019 Corporate Plan and
- further development of the Collaborative Governance model.

## ATTENDANCE

**TABLE 7 ENGAGEMENT AND PARTNERING COMMITTEE MEETING ATTENDANCE 2013/2014**

MEMBER	MEETINGS	
	ATTENDED	ELIGIBLE TO ATTEND
Lyn Coulston	4	4
Susan Benedyka	0	1
Ben Clifton	3	4
Tony Jarvis	1	1
Maureen Rogers	3	3
Hamish MacLennan	3	3
Robert Hescock	2	3

# POLICIES

## RISK MANAGEMENT

The Victorian Government Risk Management Framework (March 2011) (the “framework”) was developed to support best practice in public sector risk management. It provides a collective resource that links a variety of risk management information sources and adds clarity to roles and responsibilities, both for administering risk management policies and implementing risk management processes. The framework provides for a minimum common standard across Public Sector Agencies.

The Minister for Finance issued standing direction 4.5.5 requiring the CMA to implement and maintain risk management governance, systems and reporting requirements as contained in the framework.

In complying with the framework and standing direction 4.5.5 the CMA Board is further required to make an attestation in the Annual Report that the framework is or is not consistent with the AS/NZS ISO 31000:2009 or its successor.

The Attestation was passed by formal motion at the Board Meeting on 22 July 2014.

## RISK MANAGEMENT ATTESTATION

NORTH EAST CATCHMENT MANAGEMENT AUTHORITY  
RISK MANAGEMENT ATTESTATION 2013/14

I, **Lyn Coulston, Chair of the Board**, certify that the **North East Catchment Management Authority** does have risk management processes in place that are consistent with but do not fully meet all the requirements of the Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2009 or its successor) but there are internal control systems in place that enable the executive to understand, manage and satisfactorily control key risk exposures.

The North East Catchment Management Authority is continuing to develop its risk management program with a focus in the next 12 months on capturing, monitoring and reviewing key business operational risks.

The Board and Audit Committee verifies this assurance and that the key strategic risk profile of the North East Catchment Management Authority has been critically reviewed within the last 12 months.

Signed: 

Date: 22nd July 2014

Name: Lyn Coulston

Position: Chair

## INSURANCE

The Minister for Finance issued Standing Direction 4.5.5.1 requiring the CMA to take appropriate steps to manage its risks by making a judgement on the amount of risk the CMA can bear and, where it is determined to bear that risk, ensuring the CMA is able to meet financial impacts from existing resources.

Where it is determined that the CMA cannot bear that risk, appropriate steps must be taken to ensure sufficient levels of insurance arrangements are in place associated with the CMA's risk profile and claims history.

In complying with Standing Direction 4.5.5.1, the CMA must refer to the requirements of the Insurance Management Policy and Guidelines for General Government Sector issued by the Department of Treasury and Finance.

The Standing Direction 4.5.5.1 also requires that an attestation be included in the CMA's annual report.

The Attestation was passed by formal motion at the Board meeting on 22 July 2014.

## INSURANCE ATTESTATION

NORTH EAST CATCHMENT MANAGEMENT AUTHORITY  
INSURANCE ATTESTATION 2013/14

I, **Neil McCarthy, Chief Executive Officer**, certify that the **North East Catchment Management Authority** has complied with Ministerial Direction 4.5.5.1 – Insurance. This has been done by:

- a. determining the CMA's appropriate level of insurance in consultation with the Victorian Managed Insurance Authority;
- b. maintain a current register of insurance and indemnities and made this available to the Victorian Managed Insurance Authority;
- c. consulting with the Victorian Managed Insurance Authority and determining that due to the low level of the value of any deductibles, recording the valuation and basis for valuation of any self-insured retained losses was deemed not required.

Signed:



Date: 22nd July 2014

Name: Neil McCarthy

Position: Chair

## MERIT, EQUITY AND CODE OF CONDUCT

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

The North East CMA adopts and promotes the Victorian Public Sector Code of Conduct which outlines how the staff conduct our business and how we should treat the public, our clients and our colleagues.

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

## PROTECTED DISCLOSURE ACT 2012

The Protected Disclosure Act 2012 (the Act) enables people to make disclosures about improper conduct within the public sector without fear of reprisal. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

### What is a 'protected disclosure'?

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body.

The North East 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; or
- risk to public health or safety or the environment; or
- corruption.

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

## How to make a 'Protected Disclosure'.

Under the Act, the independent Broad-based Anti-corruption Commission of Victoria (IBAC) has a key role in receiving, assessing and investigating disclosures about improper conduct and detrimental action taken in reprisal for a disclosure by public bodies or public officers.

Disclosures to IBAC can be made in person, by phone, in writing or via email. More information is available on IBAC's website [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

The CMA has developed a Protected Disclosure Policy and Procedure and it is available on our website [www.necma.vic.gov.au](http://www.necma.vic.gov.au)

Under section 57 of the Act the CMA must comply with the IBAC guidelines. These guidelines do not permit the CMA to receive disclosures.

# COMPLIANCE

## FREEDOM OF INFORMATION

### PART II S 7 STATEMENT

Ms Lyn Coulston is the Chairperson of the North East CMA Board is the Principal Officer of North East CMA.

## ORGANISATION AND FUNCTIONS

North East CMA is organised functionally on a business unit basis and the Board has responsibility for several committees and working groups. The Chief Executive Officer of North East CMA administers and manages the North East CMA to implement the Board's directions.

The Business Units are:

- Land, Water and Biodiversity Programs
- Leadership and Strategy
- Business Services

The Board committees are:

- Audit Committee
- Remuneration Committee
- Engagement and Partnering Committee

The role and responsibilities of the Audit, Remuneration and Engagement and Partnering Committees are referred to within the section of the Annual Report dedicated to Board and Committee Meetings. Each of these committees can be contacted through North East CMA.

The establishing legislation sets a broad framework for the structure, functions and operations of North East CMA. Government Policy and the North East Regional Catchment Strategy set the direction for natural resource management in the north east catchment.

Obligations of North East CMA are largely contained in the following Acts:

- *Water Act 1989*
- *Catchment and Land Protection Act 1994*
- *Financial Management Act 1994*
- *Audit Act 1994*
- *Freedom of Information Act 1982*

- *The Information Privacy Act 2000*
- *Public Administration Act 2004*
- *Charter of Human Rights and Responsibilities Act 2006*
- *Occupational Health & Safety Act 2004*

Further obligations are detailed in the two Statements of Obligations (*Water Act 1989* and *Catchment and Land Protection Act 1994*).

North East CMA adopts the Department of Environment and Primary Industries (DEPI) Guide to Good Governance and abides by the Code of Conduct for Victorian Public Sector Employees.

## DECISION MAKING POWERS OF NORTH EAST CMA

North East CMA has power under the following legislation to make decisions that directly affect the public.

The *Water Act 1989*, in relation to permits for works in, on or over a designated waterway within the North East CMA region in relation to the following types of works:

- Alterations to crossings such as building or altering bridges, culverts and fords;
- Deviations to designated waterways, such as creek realignments;
- Stabilisation of designated waterways, such as bank protection, battering, and retaining structures;
- Works to be performed on designated waterways, such as stormwater outlets, drop structures, service crossings

The North East CMA also delivers statutory floodplain and waterway management functions under that *Water Act 1989*. This includes provision of advice, and response to referrals as specified in Part 6, section 24 and 28, of the Statement of Obligations with the Minister for Water, 2006. The CMA has a key role in ensuring that development and works in known floodplain areas do not adversely create additional flood risks.

In particular the North East CMA provides:

- advice about flooding and controls on planning scheme amendments, and planning and building approvals to local councils in its capacity as a referral body in accordance with relevant legislation.
- advice to rural and urban water authorities local government and State Government agencies on aspects of their business, or matters which they are handling, which impact on river health.
- advice on planning referrals which relate to waterway, water quality and any other river health issues when requested by local government (*Planning and Environment Act 1987*).
- as a referral body for any:
  - o application for a licence to construct works; and
  - o application for a licence to take and use water; referred to it by the Minister for Water in respect of a dam in accordance with relevant legislation.
- advise the Department on conditions for licences in respect of Crown frontages.

The *Freedom of Information Act 1982*, in relation to decisions regarding access to, and amendment of, documents held by North East CMA.

## PARTICULARS OF ARRANGEMENTS FOR CONSULTATION WITH BODIES OUTSIDE GOVERNMENT ADMINISTRATION REGARDING FORMULATING OR DEVELOPING THE NORTH EAST CMA POLICY

NECMA is required by legislation to undertake public consultation in relation to preparation/renewal of:

- Regional Catchment Strategy
- Regional Waterway Strategy
- Landcare Support Plan
- Landholder agreements.
- Waterway Management plans,
- Regional Irrigation Development Guidelines

## CATEGORIES OF DOCUMENTS - RECORD KEEPING SYSTEM

NECMA operates a centralised electronic records management system at its head office 1B Footmark Court, Wodonga which stores electronic records of the Board, Leadership and Strategy Business Unit, Business Services Business Unit and Land, Water and Biodiversity Programs Business Unit. Hard copy documents are retained offsite.

Note records of the agency no longer in use or required to be retained are transferred to the Public Records Office or destroyed in accordance with the *Public Records Act 1973* as appropriate.

## CATEGORIES OF DOCUMENTS - RECORD CATEGORIES

The North East CMA holds the following types of documents which will be registered as relating to a particular category (which are listed below). The documents are held in a mixture of hard copy and softcopy, in some instances both hard and soft copy versions are held.

The following types of documents are held by North East CMA:

- Policies, procedures and guidelines
- Strategies and reports
- Registers and databases
- Correspondence
- Applications, agreements and contracts
- Meeting records
- Financial Records
- Photo library
- Newsletters
- Maps

The documents are held under one of the following categories:

- Board/Committees/Groups
- Biodiversity
- Corporate Administration
- Contracts
- Correspondence
- Employee Records
- Finance
- Floodplain Management
- Grants
- Human Resources
- Integrated Management System
- Landcare
- Land Management
- Pest Plants and Animals
- Projects
- Planning Referrals
- Resource Management Strategies
- Reports
- Waterway Management
- Water Quality
- Water Resources

## FOI ARRANGEMENTS

Access to information under the *Freedom of Information Act 1982* is obtained through a written request, as detailed in section 17 of the Act. Applications must be as detailed and as specific as possible so that the CMA's Freedom of Information officer can identify and locate relevant documents.

All requests for access to documents of North East CMA under the Freedom of Information Act 1982 are dealt with centrally by the CMA's Freedom of Information (FOI) Officer. Applicants are requested to submit applications for access to documents under FOI in writing accompanied by the \$26.50 application fee or, if waiver of the fee is sought, proof of hardship.

Charges will be in accordance with the *Freedom of Information (Access Charges) Regulations 2014*. Freedom of Information fees and charges are not subjected to GST.

Requests to the CMA should be sent to:

Jodie Schutte  
Executive Assistant (FOI Officer)

PO Box 616  
Wodonga, Victoria 3689

Phone (02) 6043 7600

E-mail  
necma@necma.vic.gov.au

One request was received under the *Freedom of Information Act* during the reporting period.

## CORRECTION OF PERSONAL INFORMATION

Requests for correction or amendment of personal information, which is contained in a document held by North East CMA may be made in writing and should specify:

- An address where notices may be sent to the person making the request; and
- Particulars of why the person making the request believes the information to be incomplete, incorrect, out of date or misleading, and specifying the amendments he or she wishes made.

## PART II PUBLICATIONS

The statements required under s 7 of the *Freedom of Information Act 1982* are published in the Annual Report of the North East CMA.

The statement on documents available for inspection or purchase under s 8 is available from the main office of the North East CMA at 1B Footmark Court, Wodonga.

The statement on reports available for inspection or purchase under s 11 is available for purchase from the main office of the North East CMA at 1B Footmark Court, Wodonga.



## INFORMATION RETAINED AND AVAILABLE

Information relevant to Financial Reporting Direction 22E of the *Financial Management Act 1994* is held at the Authority's office and is available on request, subject to the *Freedom of Information Act 1982*.

The Information Privacy Act 2000 establishes a regime for the responsible collection and handling of personal information in the Victorian public sector.

The Authority complies with the 10 Information Privacy Principles. Further information is available at the Privacy Victoria website [www.privacy.vic.gov.au](http://www.privacy.vic.gov.au)

## POWERS AND DUTIES

NECMA is granted power of authority under section 123 of the *Water Act 1989*, whereby it is stated that:

1. An Authority has power to do all things that are necessary or convenient to be done for, or in connection with, or as incidental to, the performance of its functions, including any function delegated to it.
2. No other provision of this Act that confers a power on an Authority limits sub-section (1)

The CMA's functions are established under section 12 of the *Catchment and Land Protection Act 1994*, and sections 189, 199 and 202 of the *Water Act 1989*.

## STATEMENT OF OBLIGATIONS

The CMA has two Statements of Obligations issued under the *Water Act 1989* and the *Catchment and Land Protection Act 1994* that outline key expectations and requirements of the Minister for Water and the Minister for Environment and Climate Change.

## BUILDING ACT COMPLIANCE

The CMA complies with the building and maintenance provisions under the *Building Act 1993*.

## NATIONAL COMPETITION POLICY

We continue to comply with the National Competition Policy. Competitive neutrality seeks to enable fair competition between local government and private sector businesses. Any advantage or disadvantages that government businesses may experience, simple as a result of government ownership, should be neutralised. The CMA continues to implement and apply this principle in its business undertakings.

## PUBLICATIONS

Information relevant to Financial Reporting Direction 22E of the *Financial Management Act 1994* is held at the Authority's office and is available on request, subject to the *Freedom of Information Act 1982*.

The *Information Privacy Act 2000* establishes a regime for the responsible collection and handling of personal information in the Victorian public sector. We comply with the 10 Information Privacy Principles. Further information is available at the Privacy Victoria website [www.privacy.vic.gov.au](http://www.privacy.vic.gov.au)

## VICTORIAN INDUSTRY PARTICIPATION POLICY

No major contracts were entered into during the reporting period.

## CONSULTANCIES

The definition of consultancy was updated effective from 1 July 2013. Consequently, disclosures on the 2013/2014 consultancy expenditure cannot be compared with previous year disclosures.

In 2013/2014, there were three consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2013/2014 in relation to these consultancies is \$98,179 (excl GST). Details of individual consultancies can be viewed at the CMA's website at [www.necma.vic.gov.au](http://www.necma.vic.gov.au).

In 2013/2014, there were five consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2013/2014 in relation to these consultancies is \$15,294 (excl GST).

# FINANCIAL SUMMARY

The Victorian Government's Natural Resource Investment Program finished at the end of 2012/2013, which reduced the CMA's funding by approximately \$1M in the 2013/2014 financial year. This reduction was counteracted by an increase in River Health On-Ground Works funding of approximately \$0.7M. The CMA also completed the Flood Recovery Programs from prior years. This flood recovery funding will not continue into future financial years.

The CMA's Land, Water & Biodiversity Unit undertook an extensive works program in 2013/14 and has brought to completion at the end of the 2013/2014 financial year the prior year outstanding projects.

The receivables balance at 30 June 2014 relates mainly to the final invoices of approximately \$922k to the Department of Treasury and Finance (DTF) for finalisation of the flood recovery program.

The contractual arrangements in place with DTF is for works to be undertaken in advance of receiving funds, so the CMA has had to internally fund the program with working capital until the funds have been recovered.

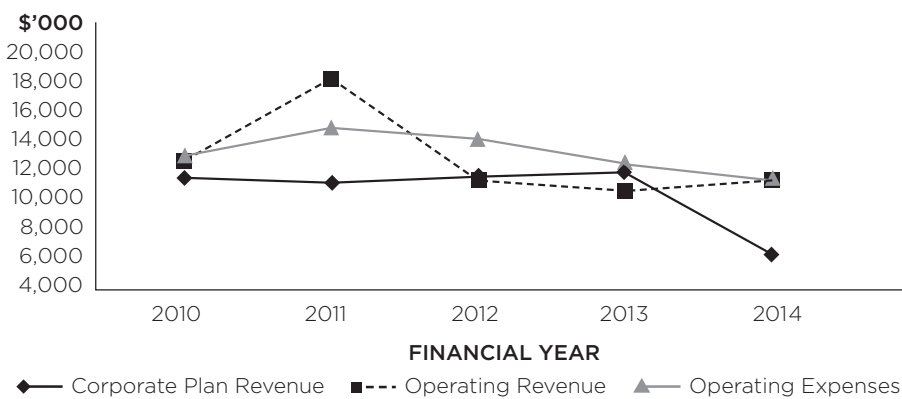
The Carry Forward project funds to 2014/2015 and future years is \$7,135,228.

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

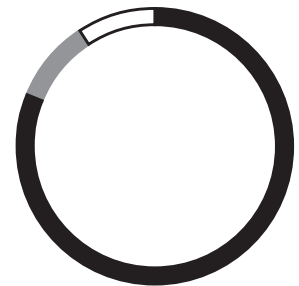
**TABLE 8 SUMMARY OF FINANCIAL RESULTS**

	YEAR ENDED 30/06/14	YEAR ENDED 30/06/13	YEAR ENDED 30/06/12	YEAR ENDED 30/06/11	YEAR ENDED 30/06/10
Operating Revenue	11,236,177	11,444,630	12,128,942	18,876,643	13,443,094
Operating Expenses	11,292,215	13,242,700	14,874,602	15,612,646	13,759,229
<b>Surplus (Deficit)</b>	<b>(56,038)</b>	<b>(1,798,070)</b>	<b>(2,745,660)</b>	<b>3,263,997</b>	<b>(316,135)</b>
<b>Cash Held</b>	<b>8,300,480</b>	<b>7,372,227</b>	<b>10,908,452</b>	<b>13,783,624</b>	<b>10,938,991</b>
<b>Cash Held as a percentage of revenue</b>	<b>74%</b>	<b>64%</b>	<b>90%</b>	<b>73%</b>	<b>81%</b>

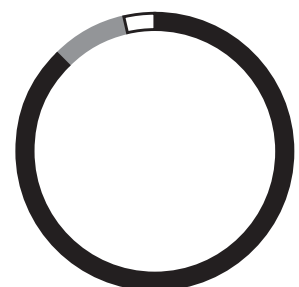
**GRAPH 2 REVENUE AND EXPENDITURE ANALYSIS**



**FIGURE 2 REVENUE**



**FIGURE 3 EXPENDITURE**



- LAND WATER & BIODIVERSITY
- LEADERSHIP & STRATEGY
- BUSINESS SERVICES

A breakdown of the revenue and expenditure by program is provided in the following table.

**TABLE 9 REVENUE AND EXPENDITURE BY BUSINESS UNIT**

	REVENUE	EXPENDITURE
Land, Water & Biodiversity	9,142,402	9,908,105
Leadership & Strategy	1,064,586	989,274
Business Services	1,029,189	394,836
<b>Total</b>	<b>11,236,177</b>	<b>11,292,215</b>

# OUR STAFF

## OUR WORKFORCE PROFILE

The Authority employed 40 people in 2013/14 (34.7 FTE). The employee headcount has not changed from the previous figure of 40 people (35.7 FTE) in 2012/13, nonetheless the number of Fixed Term and Casual Employees has increased significantly. This is largely due to the employment of fixed term staff in the area of Flood Extension, Northern Eco Connection Project, Sustainable Agriculture and Regional Landcare Facilitation. The breakdown in staff for the Authority is as follows:

**TABLE 10 COMPARISON OF EMPLOYEE NUMBERS**

	EMPLOYEES				FIXED TERM & CASUAL
	EMPLOYEES (HEADCOUNT)	FULL TIME (HEADCOUNT)	PART TIME (HEADCOUNT)	FTE	FTE
June 2014	40	27	13	34.7	10.2
June 2013	40	29	11	35.7	4

**TABLE 11 COMPARISON OF EMPLOYEES BY GENDER**

GENDER	2014			2013		
	ONGOING	FIXED TERM & CASUAL		ONGOING	FIXED TERM & CASUAL	
	EMPLOYEES (HEADCOUNT)	FTE	FTE	EMPLOYEES (HEADCOUNT)	FTE	FTE
Male	18	17.4	4	24	25	3
Female	11	7.1	6.2	16	17	4

**TABLE 12 COMPARISON OF EMPLOYEES BY AGE RANGE**

AGE	2014			2013		
	ONGOING	FIXED TERM & CASUAL		ONGOING	FIXED TERM & CASUAL	
	EMPLOYEES (HEADCOUNT)	FTE	FTE	EMPLOYEES (HEADCOUNT)	FTE	FTE
Under 25	0	0	1	0	0	0
25-34	2	1.2	3	4	4	1
35-44	16	12.9	4.2	17	14	2
45-54	8	7.8	1	10	9.6	0
55-64	2	1.6	1	8	7.6	1
65 & Over	1	1	0	1	0.5	0

**TABLE 13 COMPARISON OF EMPLOYEES BY CLASSIFICATION**

CLASSIFICATION	2014			2013		
	ONGOING	FIXED TERM & CASUAL		ONGOING	FIXED TERM & CASUAL	
	EMPLOYEES (HEADCOUNT)	FTE	FTE	EMPLOYEES (HEADCOUNT)	FTE	FTE
Executive officers	1	1	0	1	1	0
Management	2	2	1	3	2.8	0
Land, Water and Biodiversity	17	14.5	6	25	21.9	3
Leadership and Strategy	4	3	2.2	3	2.4	1
Business Services	5	4	1	9	7.6	0

## OUR EMPLOYMENT FRAMEWORK

The CMA has an Enterprise Agreement 2011-2012 in place. The Agreement came into effect on the 13th July 2012. The agreement offers flexible working conditions, provides a framework to ensure all employees have access to learning and development opportunities and rewards employees on the basis of skills and satisfactory work performance.

The CMA work extremely hard at resolving issues fairly. As a result of this the CMA has no lost days due to a workplace dispute.

The CMA commenced negotiations for a new Enterprise Agreement in April 2014.

## STAFF CONSULTATION

The CMA has a Staff Consultative Committee. The committee's roles are:

- Monitor the implementation of the Workplace Agreement
- Address issues relating to the Workplace Agreement raised by unions and staff,
- Provide advice on staff related policies
- Consider and provide advice to management on employee survey outcomes
- Make recommendations to the Senior Management Team

The Committee is made up of six elected employee representatives and one management representative.

## TRAINING AND DEVELOPMENT

The CMA is committed to providing training support and development for all employees, with particular emphasis on the development of employee capability that aligns with business objectives.

Organisational wide training in 2013/14 included First Aid Training and Workplace Obligations Training.

A new Training and Development Framework was developed and released in May 2014.

## CULTURAL DIVERSITY AND WOMEN

The North East CMA aims to ensure that women in our workplace, on our boards and our committees are supported in their role. The CMA is committed to a family friendly workplace, through workplace conditions such as paid pre natal leave, paid maternity leave, carer's leave and flexible working arrangements. As at the 30 June 2014, women represented 45% of the workforce (Headcount) and 38.33% of the workforce (Full time equivalent).

The Authority has noted the government direction delivering culturally appropriate services and believes that its services, including community communications, adhere to this direction.

The CMA employs an Indigenous Liaison Officer and a Project Officer - Aboriginal Landcare Facilitation who work with local and intra-state indigenous communities to coordinate natural resource management projects.

## YOUNG VICTORIANS

The CMA works with young Victorians through its Waterwatch schools program.

## HEALTH AND SAFETY

Occupational Health and Safety is an integral part of CMA business. Strong systems, culture and performance in this area is essential for ensuring the safety of our employees, contractors and visitors.

To enable an open and clear consultation process we have four designated work groups across the CMA. Group members elect their representative who sits on the Occupational Health and Safety Committee.

The purpose of the Occupational Health and Safety (OHS) Committee is to provide a consultative forum that can effectively support management to address the health and safety matters arising at the North East Catchment Management Authority. Its functions include:

- assisting North East CMA management in developing, updating and implementing measures to protect health and safety;
- facilitate co-operation and dissemination of information between management and employees in relation to OHS;
- investigating matters that may be a risk to health and safety;
- maintaining information on OHS standards generally recommended or prevailing in workplaces of a comparable nature;
- considering matters that have been referred to the committee from management, employees or OHS representatives with the view to making recommendations to management; and
- participate in training and consider measures for training and educating employees at work about health and safety matters.

In 2013/14, the Committee reviewed the OH&S System in preparation for the new revised systems and practices and new internal online systems. The Committee also made recommendations for a review of the designated work groups. This process is underway and expected to be finished in early July 2014 at which time nominations and elections held for the designated work group representatives will take place for the next three (3) year term.

THE NORTH EAST CATCHMENT MANAGEMENT AUTHORITY (NECMA) IS RESPONSIBLE FOR FACILITATING AND COORDINATING THE MANAGEMENT OF LAND, BIODIVERSITY AND WATER RESOURCES IN AN INTEGRATED AND SUSTAINABLE MANNER. WITHIN THIS ROLE, NECMA:

- Takes a sustainable approach by balancing social, economic and environmental outcomes
- Promotes and adopts an adaptive approach to integrated catchment management, including continuous review, innovation and improvement, and
- Plans and makes decisions within an integrated catchment management context.



# FINANCIAL REPORT 2013/2014

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## INDEPENDENT AUDITOR'S REPORT

**To the Board Members, North East Catchment Management Authority**

### *The Financial Report*

The accompanying financial report for the year ended 30 June 2014 of the North East Catchment Management Authority which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's declaration has been audited.

### *The Board Members' Responsibility for the Financial Report*

The Board Members of the North East Catchment Management Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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



**Independent Auditor's Report (continued)**

*Independence*

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


*Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the North East Catchment Management Authority as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

*Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of the North East Catchment Management Authority for the year ended 30 June 2014 included both in the North East Catchment Management Authority's annual report and on the website. The Board Members of the North East Catchment Management Authority are responsible for the integrity of the North East Catchment Management Authority's website. I have not been engaged to report on the integrity of the North East Catchment Management Authority's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
20 August 2014

for   
John Doyle  
Auditor-General

## NORTH EAST CATCHMENT MANAGEMENT AUTHORITY ACCOUNTABLE OFFICER'S DECLARATION

The attached financial report for the North East Catchment Management Authority has been prepared in accordance with Standing Directions 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2014 and financial position of the Authority as at 30 June 2014.

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

We authorise the attached financial statements for issue on 08 August 2014.



L. Coulston  
**Chairperson**



N. McCarthy  
**CEO and Accountable Officer**



M. Fagence  
**Manager Business Services**

NORTH EAST CATCHMENT MANAGEMENT AUTHORITY  
 COMPREHENSIVE OPERATING STATEMENT  
 FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Income from Operating Activities</b>			
Government contributions	4(a)	9,851,854	10,425,248
<b>Income from Non-Operating Activities</b>			
Interest	4(b)	237,743	348,487
Other income	4(b)	999,972	640,263
Net gain / (loss) on disposal of non-financial assets	4(c)	146,608	30,631
<b>Total Income</b>		<b>11,236,177</b>	<b>11,444,630</b>
<b>Expenses from Operating Activities</b>			
Depreciation	7 (a)	318,279	343,757
Amortisation	7 (b)	48,235	37,836
Employee Costs	5	3,453,241	3,593,188
Materials, Maintenance, Grants, Contracts and Consultancies	6	6,214,897	8,189,428
Leases (Properties & Motor Vehicles)		141,566	127,678
Other		1,115,997	950,812
<b>Total Expenses from Operating Activities</b>		<b>11,292,215</b>	<b>13,242,700</b>
<b>Net Result from Operating Activities</b>		<b>(56,038)</b>	<b>(1,798,070)</b>
<b>Other Comprehensive Income</b>		<b>0</b>	<b>0</b>
<b>Total Comprehensive Result for the year</b>		<b>(56,038)</b>	<b>(1,798,070)</b>

The comprehensive operating statement should be read in conjunction with the accompanying notes.

NORTH EAST CATCHMENT MANAGEMENT AUTHORITY  
BALANCE SHEET AS AT 30 JUNE 2014

	Notes	2014\$	2013\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	8,300,480	7,372,227
Receivables	10	1,443,065	2,567,063
Inventories	11	13,750	48,750
Prepayments		9,915	25,875
Assets classified as held for sale	12	105,304	0
<b>Total current assets</b>		<b>9,872,514</b>	<b>10,013,915</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	1,384,015	1,784,878
Intangible assets	14	108,192	40,325
<b>Total non-current assets</b>		<b>1,492,207</b>	<b>1,825,203</b>
<b>TOTAL ASSETS</b>		<b>11,364,721</b>	<b>11,839,118</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	15	875,920	1,255,822
Employee benefits	16	786,160	838,293
Provisions	17	9,590	12,690
<b>Total current liabilities</b>		<b>1,671,670</b>	<b>2,106,805</b>
<b>Non-current liabilities</b>			
Employee benefits	16	71,998	65,821
Provisions	17	107,364	96,765
<b>Total non-current liabilities</b>		<b>179,362</b>	<b>162,586</b>
<b>TOTAL LIABILITIES</b>		<b>1,851,032</b>	<b>2,269,391</b>
<b>NET ASSETS</b>		<b>9,513,689</b>	<b>9,569,727</b>
<b>EQUITY</b>			
Contributed capital	18 (a)	5,103,823	5,103,823
Reserves	18 (b)	4,409,866	4,465,904
Accumulated funds	18 (c)	0	0
<b>TOTAL EQUITY</b>		<b>9,513,689</b>	<b>9,569,727</b>

The balance sheet should be read in conjunction with the accompanying notes.

NORTH EAST CATCHMENT MANAGEMENT AUTHORITY

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	ACCUMULATED FUNDS \$	CONTRIBUTED CAPITAL \$	RESERVES \$	TOTAL \$
<b>Balance at 1 July 2012</b>		0	5,103,823	6,263,974	11,367,797
Net result for the period	18 (c)	(1,798,070)	0	0	(1,798,070)
Transfers to/(from) reserves	18 (c)	1,798,070	0	(1,798,070)	0
<b>Balance at 30 June 2013</b>		<b>0</b>	<b>5,103,823</b>	<b>4,465,904</b>	<b>9,569,727</b>
Net result for the period	18 (c)	(56,038)	0	0	(56,038)
Transfers to/(from) reserves	18 (c)	56,038	0	(56,038)	0
<b>Balance at 30 June 2014</b>		<b>0</b>	<b>5,103,823</b>	<b>4,409,866</b>	<b>9,513,689</b>

The statement of changes in equity should be read in conjunction with the accompanying notes.

NORTH EAST CATCHMENT MANAGEMENT AUTHORITY

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 \$	2013 \$
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Interest received		239,701	351,553
Other income		860,801	258,157
Receipts from Government		11,382,812	8,890,172
		<u>12,483,314</u>	<u>9,499,882</u>
<b>Payments</b>			
Payments to suppliers and employees		11,388,881	12,837,688
Net GST paid to the Australian Taxation Office		173,963	77,671
		<u>11,562,844</u>	<u>12,915,359</u>
<b>Net cash (outflow) / inflow from operating activities</b>	25	<b>920,470</b>	<b>(3,415,477)</b>
<b>Cash Flows from Investing Activities</b>			
Payments for property, plant & equipment	13 (b)	(412,403)	(201,915)
Proceeds from sale of non-current assets		536,289	101,590
Payment for intangible assets	14	(116,103)	(20,423)
		<u>7,783</u>	<u>(120,748)</u>
<b>Net cash (outflow) / inflow from investing activities</b>		<b>7,783</b>	<b>(120,748)</b>
<b>Net increase / (decrease) in cash held</b>		<b>928,253</b>	<b>(3,536,225)</b>
Cash and cash equivalents at the beginning of the financial year		7,372,227	10,908,452
<b>Cash and cash equivalents at the end of the financial year</b>	9	<b>8,300,480</b>	<b>7,372,227</b>

The cash flow statement should be read in conjunction with the accompanying notes.

**NOTE 1  
SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**

**(a) Basis of Accounting**

(i) GENERAL

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

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

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

The annual financial report was authorised for issue by the Authority's Board on 08 August 2014.

(ii) ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

(iii) FUNCTIONAL AND PRESENTATION CURRENCY

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

(iv) CLASSIFICATION BETWEEN CURRENT AND NON-CURRENT

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

(v) ROUNDING

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

(vi) HISTORICAL COST CONVENTION

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

(vii) ACCOUNTING ESTIMATES

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

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

- estimation of useful lives
- the impairment of assets
- provisions
- employee benefits.

(viii) FINANCIAL STATEMENT PRESENTATION

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

**(b) Changes in accounting policies**

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

(i) AASB 13 FAIR VALUE MEASUREMENT

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

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

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

## (ii) AASB 119 EMPLOYEE BENEFITS

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

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The defined benefit obligations are not recognised on the balance sheet.

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

This change has not materially impacted the authorities annual leave provision balance.

## (c) Revenue Recognition

### (i) FEES AND CHARGES

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

### (ii) GOVERNMENT CONTRIBUTIONS

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

However, grants and contributions received from the Victorian State Government, which were originally appropriated by the Parliament as additions to net assets or where the Minister for Finance and the Minister for Water have indicated are in the nature of owners' contributions, are accounted for as Equity - Contributions by Owners in accordance with FRD 119A Transfers through Contributed Capital.

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

### (iii) INTEREST

Interest Income is recognised using the effective interest rate method.

## (d) Expenses

### (i) DEPRECIATION AND AMORTISATION OF NON-CURRENT ASSETS

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

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

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

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

	2014 %	2013 %
Leasehold improvements	3 to 14.5	3 to 14.5
Buildings	2.5 to 16.66	2.5 to 16.66
Infrastructure assets	1 to 10	1 to 10
Plant and equipment	2 to 33.33	2 to 33.33
Furniture & office equipment	7.5 to 33	7.5 to 33
Motor vehicles	10 to 33.33	10 to 33.33
Intangibles	20 to 33.33	20 to 33.33

### (ii) EMPLOYEE BENEFITS

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

### (iii) SUPERANNUATION

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

### (iv) REPAIRS AND MAINTENANCE

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

### (v) OTHER EXPENSES

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



### **(e) Cash and Cash Equivalents**

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

### **(f) Receivables**

Receivables consist of:

- contractual receivables, such as debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables (refer to Note 1(k) Finance Leases); and
- statutory receivables, such as amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable.

Contractual receivables are classified as financial instruments and categorised as loans and receivables. Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Contractual receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for impaired receivables. Trade receivables are due for settlement no more than 30 days from the date of recognition.

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

### **(g) Inventories**

Inventories comprise rock used in the delivery of project outcomes. All inventories are valued at the lower of cost and net realisable value.

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

### **(h) Prepayments**

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

### **(i) Recognition and Measurement of Assets**

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

#### **(i) ACQUISITION**

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

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

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

#### **(ii) LEASEHOLD IMPROVEMENTS**

Leasehold improvements are measured at fair value and amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised from a 7 to a 33 year period.

### **(iii) NON-CURRENT PHYSICAL ASSETS**

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

The Infrastructure assets are valued at depreciated replacement cost.

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

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

Infrastructure/Works assets are comprised of physical structures located in the Catchment.

#### **(iv) REVALUATIONS**

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

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

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

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

#### (v) IMPAIRMENT OF ASSETS

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

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

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

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

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

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

#### (vi) ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. The Authority considers that the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within 12 months from the date of classification. Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are classified as current assets.

#### (j) Intangibles

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

Intangible assets consist of software and licences. These assets are amortised over 3 years.

#### (i) WEB SITE COSTS

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

#### (k) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the comprehensive operating statement on a straight-line basis over the period of the lease, in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

#### (l) Trade and Other Payables

Payables consist of:

- contractual payables, such as accounts payable and unearned income. Accounts payable represent liabilities for goods and services provided to the Authority prior to the end of the financial year that are unpaid, and arise when the Authority becomes obliged to make future payments in respect of the purchase of those goods and services; and
- statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables 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 a contract.

The contractual payables are unsecured and are usually paid within 30 days of recognition.

#### (m) Employee Benefits

##### (i) WAGES AND SALARIES AND ANNUAL LEAVE

Liabilities for wages and salaries, including non monetary benefits annual leave and accumulating sick leave, are all recognised in the provision for employee benefits as 'current liabilities', because the Authority does not have an unconditional right to defer settlements of these liabilities.

Depends on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

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

#### (ii) LONG SERVICE LEAVE

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Authority does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

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

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.

#### (iii) TERMINATION BENEFITS

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee decides to accept an offer of benefits in exchange for the termination of employment. The Authority recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan

without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### (iv) EMPLOYEE BENEFIT ON-COSTS

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

#### (v) PERFORMANCE PAYMENTS

Performance payments for the Authority's Executive Officers are based on a percentage of the annual salary package provided under the contract(s) of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the terms of the contract to balance date.

#### (n) Provisions

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

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

Provisions are recognised for end of life quarry rehabilitation costs (refer NOTE 17).

#### (o) Contributions by owners

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

#### (p) Asset Revaluation Reserve

The asset revaluation reserve is used to record asset revaluation increments and decrements in the value of non-current physical assets.

#### (q) Committed Funds Reserve

The Committed Funds reserve contains amounts of accumulated surpluses that have been set aside for the purpose of funding specific projects.

#### (r) Financial Instruments / Investments

##### (i) RECOGNITION

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

##### (ii) LOANS AND RECEIVABLES

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

##### (iii) FAIR VALUE

Fair value is determined based on current bid prices for all quoted investments.

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

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

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

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

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

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

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

#### **(s) Taxation**

The Authority is not liable for Income Tax.

#### **(t) Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of notes (refer to NOTES 20 & 21) at their nominal value and inclusive of the goods and services tax (GST) payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

#### **(u) Contingent liabilities**

Contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note (refer to NOTE 22) and, if quantifiable, are measured at nominal value. Contingent liabilities are presented inclusive of GST payable.

#### **(v) Goods and Services Tax**

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

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

#### **(w) Objective and funding**

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

**(x) New Accounting Standards and Interpretations**

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

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	IMPACT ON FINANCIAL STATEMENTS
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	1 January 2017	The preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 1055 Budgetary Reporting	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to NFP entities within the GGS, provided that these entities present separate budget to the parliament.	1 July 2014	This Standard is not applicable as no budget disclosure is required.

**NOTE 2  
FINANCIAL RISK  
MANAGEMENT**

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

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

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

**a) Market risk**

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

**(i) INTEREST RATE RISK**

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

At balance date term deposits totalled \$3,750,000, with a weighted average interest rate of 2.66% (2013: term deposits totalled \$6,400,000, with a weighted average interest rate of 2.79%).

At balance date deposits at call totalled \$60,394, with a weighted average interest rate of 2.35%. (2013: deposits at call totalled \$6,785, with a weighted average interest rate of Nil%).

All trade creditors and accruals are non-interest bearing.

**INTEREST RATE SENSITIVITY ANALYSIS**

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

		INTEREST RATE RISK		INTEREST RATE RISK	
		-1% Profit	-1% Equity	+1% Profit	+1% Equity
Cash and Cash Equivalents		\$	\$	\$	\$
2014	8,300,480	(83,005)	(83,005)	83,005	83,005
2013	7,372,227	(73,722)	(73,722)	73,722	73,722

### **(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Authority.

The Authority has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Authority measures credit risk on a fair value basis.

The Authority does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics other than the Government. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

All investments are held with the Treasury Corporation of Victoria.

### **(c) Liquidity risk**

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

### **(d) Fair Value**

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

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

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

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

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

## **NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results (refer Note 1(a) (vii)).

	2014 \$	2013 \$
<b>NOTE 4</b>		
<b>REVENUE</b>		
<b>(a) Government Contributions</b>		
Contributions to operations:		
State Government		
River Health/Healthy Waterways	3,056,040	2,301,350
Natural Resource Investment Program	0	1,180,000
Catchment Planning/Corporate Governance	905,482	941,567
2010/11 Flood Recovery Program	2,091,820	2,989,761
Flood Employment Program	0	10,000
Second Generation Landcare	502,000	586,000
Water Asset Identification	100,000	0
Bush Fire Recovery	0	160,000
CMA Board Skills and Capacity	0	20,000
Recreational Fishing Grants	29,400	22,500
Virtual Fence Technology Challenge	56,250	0
Commonwealth Government		
Caring for Our Country	1,842,900	1,843,000
Caring for Our Country - Competitive Grants	0	237,645
NRM Climate Ready Plan	403,737	0
Biodiversity Fund	797,975	77,175
Carbon Farming Initiative (Biochar)	66,250	56,250
Total Government contributions shown as operating revenue	9,851,854	10,425,248
<b>Total Government contributions</b>	<b>9,851,854</b>	<b>10,425,248</b>
Conditional grants		
The Authority has recognised as revenue several grants received from the Government where the full project has not yet been completed.		
<b>(b) Other revenues</b>		
Interest	237,743	348,487
Other:		
Water Authorities	279,674	199,749
Murray Darling Basin Authority	15,000	55,000
Rural City of Wangaratta	0	33,972
East Gippsland Shire Council	10,000	34,589
Goulburn Broken CMA	10,000	49,937
North Central CMA	273,998	0
Wangaratta Flood Investigation Project	170,866	0
Employee Secondments and Contracts	143,285	0
Contribution to Asset (BioChar)	0	150,000
Miscellaneous	97,149	117,016
	999,972	640,263
Total other revenues	1,237,715	988,751
<b>(c) Profit and/or loss on sale of non-current assets</b>		
Proceeds from sale of fixed assets	536,289	101,590
Less written down value	(389,681)	(70,959)
Net profit/(loss) on disposal of non current assets	146,608	30,631
<b>Total revenue</b>	<b>11,236,177</b>	<b>11,444,630</b>



	2014 \$	2013 \$
<b>NOTE 5</b>		
<b>EMPLOYEE COSTS</b>		
Salaries & Wages	2,484,420	2,568,655
Annual Leave	223,144	208,180
Long Service Leave	29,592	79,758
Other Leave	179,475	242,876
Salary On Costs	536,610	493,718
	<u>3,453,241</u>	<u>3,593,188</u>

<b>NOTE 6</b>		
<b>EXPENSES - MATERIALS, MAINTENANCE, GRANTS, CONTRACTS AND CONSULTANCIES</b>		
Materials	292,947	506,713
Repairs and Maintenance		
Motor vehicles & Plant	52,312	53,954
General	10,984	11,505
Consultants	398,568	705,180
Contractors	5,127,338	5,494,237
Grants Paid	332,748	1,417,839
	<u>6,214,897</u>	<u>8,189,428</u>

<b>NOTE 7</b>		
<b>EXPENSES - DEPRECIATION &amp; AMORTISATION</b>		
<b>(a) Depreciation</b>		
Leasehold improvements	1,625	2,262
Infrastructure / works	11,828	11,762
Plant & equipment	41,480	47,672
Furniture & office equipment	38,755	46,556
Motor vehicles	207,503	218,779
Buildings	17,088	16,727
	<u>318,279</u>	<u>343,757</u>
<b>(b) Amortisation</b>		
Intangibles	48,235	37,836
	<u>48,235</u>	<u>37,836</u>

<b>NOTE 8</b>		
<b>REMUNERATION OF AUDITORS</b>		
Audit fees paid or payable to the Victorian Auditor-General's Office for audit of the Authority's financial report:		
Paid/Payable as at 30 June 2013	0	10,000
Paid/Payable as at 30 June 2014	10,300	0
(amounts are exclusive of GST)	<u>10,300</u>	<u>10,000</u>

	2014 \$	2013 \$
<b>NOTE 9</b>		
<b>CASH AND CASH EQUIVALENT ASSETS</b>		
<b>Cash and cash equivalent assets</b>		
Cash on hand	400	400
Cash at bank	4,489,686	965,042
Deposits at call	60,394	6,785
Investments		
Term Deposits - Treasury Corporation of Victoria	3,750,000	6,400,000
The deposits are bearing floating interest rates between 2.55% and 2.80% (2013 2.79% and 3.64%)		
	<u>8,300,480</u>	<u>7,372,227</u>

The cash and investments total above includes grant funds held for agreed specific projects. Refer NOTE 21.

#### **NOTE 10**

#### **RECEIVABLES**

Current		
Trade debtors	1,090,431	2,300,368
	<u>1,090,431</u>	<u>2,300,368</u>
Other debtors		
GST Receivable	208,156	120,258
Sundry Debtors	144,478	144,480
Accrued Interest on Term Deposits	0	1,958
<b>Total receivables</b>	<u>1,443,065</u>	<u>2,567,063</u>

These amounts generally arise from the usual operating activities of the Authority. The ageing of the Trade Debtors were raised within the previous 3 months and are expected to be paid in full. Collateral is not normally obtained.

The ageing analysis of Trade receivables is as follows:

Up to 6 months	1,234,909	2,444,848
	<u>1,234,909</u>	<u>2,444,848</u>

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

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

	2014 \$	2013 \$
<b>NOTE 11</b>		
<b>INVENTORIES</b>		
Current		
Rock Stockpile	13,750	48,750
<b>Total inventories</b>	<b>13,750</b>	<b>48,750</b>
<b>Movements during the reporting period</b>		
Opening Balance Rock Stockpile	48,750	62,150
Rock derived from blast/digging	97,500	159,100
Rock used	(132,500)	(172,500)
<b>Closing Balance Rock Stockpile</b>	<b>13,750</b>	<b>48,750</b>

**NOTE 12**  
**ASSETS CLASSIFIED AS HELD FOR SALE**

Land & Buildings held for sale	105,304	0
	<b>105,304</b>	<b>0</b>

**Assets Held for Sale**

At Balance Date, the Land and Buildings at the Moyhu Depot are currently on the Market.

**Fair value measurement of non-financial physical assets held for sale**

The following table provides the fair value measurement hierarchy of the Corporation's non financial physical assets held for sale.

	Carrying amount as at 30 Jun 14	Fair Value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
Land & Buildings held for sale	105,304	0	0	105,304
<b>Total</b>	<b>105,304</b>	<b>0</b>	<b>0</b>	<b>105,304</b>

Note:

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

(ii) Refer Note 26 regarding Subsequent Events

The Land & Buildings held for sale are carried at fair value less costs to disposal. Refer Note 13 (c) for the valuation technique applied to Specialised Land and Specialised Buildings and the significant unobservable inputs for Level 3 valuations.

	2014 \$	2013 \$
<b>NOTE 13</b>		
<b>PROPERTY PLANT &amp; EQUIPMENT</b>		
<b>(a) Classes of property, plant and equipment</b>		
Leasehold improvements		
At fair value	115,957	115,957
Accumulated depreciation	(115,562)	(113,937)
	395	2,020
Land		
At fair value	107,000	147,000
	107,000	147,000
Buildings		
At fair value	465,405	541,348
Accumulated depreciation	(39,353)	(32,903)
	426,052	508,445
Infrastructure / works		
At fair value	134,001	134,001
Accumulated depreciation	(23,590)	(11,762)
	110,411	122,239
Plant and equipment		
At Fair Value	428,828	1,000,560
Accumulated depreciation	(285,547)	(665,892)
	143,281	334,668
Furniture and office equipment		
At Fair Value	350,591	349,839
Accumulated depreciation	(308,063)	(287,452)
	42,528	62,386
Motor vehicles		
At Fair Value	903,791	1,066,984
Accumulated depreciation	(349,443)	(458,864)
	554,348	608,120
<b>Total property, plant and equipment</b>	<b>1,384,015</b>	<b>1,784,878</b>

#### Basis of valuation

Infrastructure and Works were independently valued as at 30 June 2012 by the Valuer-General Victoria. Infrastructure and Works valuations were based on the depreciated replacement cost (Fair Value).

Land and buildings were independently valued as at 30 June 2011 by the Valuer-General Victoria. Land was valued at market value, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued (refer (c) - Specialised Land & Buildings). Buildings were valued based on depreciated replacement cost.

**(b) Movements during the reporting periods**

	Leasehold Improvements \$	Land \$	Buildings \$	Infrastructure and Works \$	Plant and Equipment \$	Furniture and Office Equipment \$	Motor Vehicles \$	Total \$
<b>Carrying Amount</b>								
Balance as at 1 July 2012	4,282	147,000	516,862	134,001	224,294	106,893	864,346	1,997,678
Additions	0	0	8,310	0	158,046	2,048	33,511	201,915
Disposals	0	0	0	0	0	0	(70,959)	(70,959)
Depreciation	(2,262)	0	(16,727)	(11,762)	(47,672)	(46,556)	(218,779)	(343,757)
Balance as at 1 July 2013	2,020	147,000	508,445	122,239	334,668	62,386	608,120	1,784,878
Additions	0	0	0	0	0	18,897	393,506	412,403
Disposals	0	0	0	0	(149,906)	0	(239,775)	(389,681)
Transfers to Assets Held for Sale	0	(40,000)	(65,304)	0	0	0	0	(105,304)
Depreciation	(1,625)	0	(17,088)	(11,828)	(41,480)	(38,755)	(207,503)	(318,279)
<b>Balance as at 30 Jun 2014</b>	<b>395</b>	<b>107,000</b>	<b>426,052</b>	<b>110,411</b>	<b>143,281</b>	<b>42,528</b>	<b>554,348</b>	<b>1,384,015</b>

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

	Carrying amount as at 30 Jun 14	Fair Value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
Land at Fair Value				
Specialised Land	107,000	0	0	107,000
<b>Total Land at Fair Value</b>	<b>107,000</b>	<b>0</b>	<b>0</b>	<b>107,000</b>
Buildings at Fair Value				
Specialised Buildings	426,052	0	0	426,052
<b>Total Buildings at Fair Value</b>	<b>426,052</b>	<b>0</b>	<b>0</b>	<b>426,052</b>
Infrastructure and Works				
Infrastructure and Works	110,411	0	0	110,411
<b>Total Infrastructure and Works</b>	<b>110,411</b>	<b>0</b>	<b>0</b>	<b>110,411</b>
Leasehold Improvements at Fair Value				
Leasehold Improvements	395	0	0	395
<b>Total Leasehold Improvements</b>	<b>395</b>	<b>0</b>	<b>0</b>	<b>395</b>
Plant and equipment at Fair Value				
Plant and equipment	143,281	0	0	143,281
<b>Total Plant and equipment at Fair Value</b>	<b>143,281</b>	<b>0</b>	<b>0</b>	<b>143,281</b>
Furniture and office equipment at Fair Value				
Furniture and office equipment	42,528	0	0	42,528
<b>Total Furniture and office equipment at Fair Value</b>	<b>42,528</b>	<b>0</b>	<b>0</b>	<b>42,528</b>
Motor vehicles at Fair Value				
Motor vehicles (ii)	554,348	0	0	554,348
<b>Total Motor vehicles at Fair Value</b>	<b>554,348</b>	<b>0</b>	<b>0</b>	<b>554,348</b>

Note:

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

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

There have been no transfers between levels during the period.

### Specialised Land & Buildings

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

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

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

As per the requirements of FRD 103 (E), fair value assessments have been conducted as at 30 June 2014 on land & building assets, taking into account the VGV Land & Building Indices and it was determined that there were no material movements requiring formal revaluations.

### Infrastructure & Works

For the Authority's Infrastructure and Works assets, the depreciated replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, infrastructure and works assets are classified as Level 3 fair value measurements.

As per the requirements of FRD 103 (E), fair value assessments have been conducted as at 30 June 2014 on infrastructure and works assets, taking into account the VGV Land & Building Indices and it was determined that there were no material movements requiring formal revaluations.

### Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method. Plant and equipment would be classified as Level 3 assets.

As per the requirements of FRD 103 (E), fair value assessments have been conducted as at 30 June 2014 on plant and equipment assets.

### Furniture and Office Equipment

Furniture and Office equipment is held at fair value. Fair value is determined using the depreciated replacement cost method. Furniture and Office equipment would be classified as Level 3 assets.

As per the requirements of FRD 103 (E), fair value assessments have been conducted as at 30 June 2014 on furniture and office equipment assets.

### Vehicles

Vehicles are valued using the depreciated replacement cost method. The Authority acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Authority who set relevant depreciation rates during use to reflect the utilisation of the vehicles. Vehicles would be classified as Level 3 assets.

As per the requirements of FRD 103 (E), fair value assessments have been conducted as at 30 June 2014 on vehicle assets.

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

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

### Reconciliation of Level 3 fair value

2014	Specialised land \$	Specialised buildings \$	Infrastructure & Works \$	Leasehold Improvements \$	Plant and equipment \$	Furniture and Office Equipment \$	Vehicles \$
Opening Balance	147,000	508,445	122,239	2,020	334,668	62,386	608,120
Purchases (sales)	0	0	0	0	(149,906)	18,897	153,731
Transfers to Assets Held for Sale	(40,000)	(65,304)	0	0	0	0	0
Depreciation	0	(17,088)	(11,828)	(1,625)	(41,480)	(38,755)	(207,503)
Subtotal	(40,000)	(82,393)	(11,828)	(1,625)	(191,386)	(19,858)	(53,772)
<b>Closing Balance</b>	<b>107,000</b>	<b>426,052</b>	<b>110,411</b>	<b>395</b>	<b>143,282</b>	<b>42,528</b>	<b>554,348</b>

**Description of significant unobservable inputs to Level 3 valuations**

	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
Specialised land	Market approach	Community Service Obligation (CSO) adjustment	0%-20% (13%)	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value
Specialised buildings (1,005 SqM)	Depreciated replacement cost	Direct Cost per square metre.	\$423.93 / SqM	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	6-40 years (19 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Infrastructure & Works (9 units)	Depreciated replacement cost	Cost per unit.	\$3,000-\$50,000 per unit (\$12,268 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure.	10-100 years (17 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment (19 units)	Depreciated replacement cost	Cost per unit.	\$3-\$135,000 per unit (\$7,671 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of plant and equipment.	3-50 years (10 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Furniture & Office Equipment (64 units)	Depreciated replacement cost	Cost per unit.	\$26-\$3,000 per unit (\$671 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of furniture and equipment.	3-13 years (4 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Vehicles (24 units)	Depreciated replacement cost	Cost per unit.	\$6,700-\$41,800 per unit (\$22,995 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life of vehicles.	3-10 years (5 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

	2014 \$	2013 \$
<b>NOTE 14</b>		
<b>INTANGIBLES</b>		
Intangibles - Software and Licences at cost	365,402	249,299
Accumulated amortisation	(257,210)	(208,975)
	<u>108,192</u>	<u>40,325</u>
<b>Movements during the reporting period</b>		
Opening Balance	40,325	57,738
Additions	116,102	20,423
Amortisation	(48,235)	(37,836)
<b>Closing Balance</b>	<u>108,192</u>	<u>40,325</u>

<b>NOTE 15</b>		
<b>PAYABLES</b>		
<b>Current Payables</b>		
Trade payables	170,598	253,725
Accrued expenses	574,937	869,510
Other	130,385	132,587
<b>Closing Balance</b>	<u>875,920</u>	<u>1,255,822</u>

The carrying amounts of the Authority's trade and other payables are denominated in Australian Dollars. Due to the short-term nature of the current payables, their carrying value is assumed to approximate their fair value.



	2014 \$	2013 \$
<b>NOTE 16</b>		
<b>EMPLOYEE BENEFITS</b>		
<b>Current</b>		
<b>(a) Employee benefits and on costs</b>		
Annual leave and unconditional long service leave entitlements, representing 7 years of continuous service, measured at Present Value.		
Annual leave		
Unconditional and expected to settle within 12 months	181,011	169,023
Unconditional and expected to settle after 12 months	81,712	78,231
Long service leave		
Unconditional and expected to settle within 12 months	27,633	84,374
Unconditional and expected to settle after 12 months	312,795	333,036
Other - Time in Lieu		
Unconditional and expected to settle within 12 months	39,609	28,484
On Costs		
Unconditional and expected to settle within 12 months	125,170	128,764
Unconditional and expected to settle after 12 months	18,230	16,381
<b>Total Current</b>	<b>786,160</b>	<b>838,293</b>
<b>Non-Current</b>		
Annual leave and conditional long service leave entitlements, measured at Present Value		
Long service leave	58,865	54,424
On Costs	13,133	11,397
<b>Total Non-Current</b>	<b>71,998</b>	<b>65,821</b>
<b>Aggregate carrying amount</b>		
Current	786,160	838,293
Non-Current	71,998	65,821
<b>Total Employee Benefits</b>	<b>858,158</b>	<b>904,114</b>
<b>Full Time Equivalent Employee numbers at end of financial year:</b>	<b>34.70</b>	<b>35.70</b>
The following assumptions were adopted in measuring the present value of long service leave entitlements:		
Weighted average increase in employee costs	4.44%	4.50%
Weighted average discount rates	3.10%	3.20%
Weighted average settlement period	11 years	11 years

**(b) Movement in provisions (excluding employee benefits)**

2014	On-Costs \$	Total \$
<b>Opening Balance</b>	<b>156,542</b>	<b>156,542</b>
Additional provisions recognised	0	0
<b>Additions</b>	<b>0</b>	<b>0</b>
Reduction due to transfer out	9	9
<b>Reductions</b>	<b>9</b>	<b>9</b>
<b>Closing Balance</b>	<b>156,533</b>	<b>156,533</b>
Current	143,400	143,400
Non-Current	13,133	13,133
	<b>156,533</b>	<b>156,533</b>

	2014 \$	2013 \$
<b>NOTE 17</b>		
<b>PROVISIONS</b>		
<b>(a) Quarry Rehabilitations</b>		
<b>Current Provisions</b>		
Everton	5,750	4,470
Walwa	0	4,380
Moyhu	3,840	3,840
<b>Total Current Provisions</b>	<b>9,590</b>	<b>12,690</b>
<b>Non Current Provisions</b>		
Fairyknowe	25,770	24,149
Sandy Creek	81,594	72,616
<b>Total Non Current Provisions</b>	<b>107,364</b>	<b>96,765</b>
<b>Total Quarry Rehabilitations</b>	<b>116,954</b>	<b>109,455</b>

Quarry rehabilitation provision represents the future estimated costs to rehabilitate each quarry operated and leased by the Authority at the expiration of each lease. The estimated costs are recognised on a progressive basis over the term of each lease.

Everton, Moyhu and Walwa Quarries have been closed. The rehabilitation provisions for these three quarries represent an estimate of final works to be undertaken to meet the final rehabilitation requirements of the respective Work Authorities. The Fairyknowe and Sandy Creek Quarry leases have been renewed to June 2025 & June 2026 respectively.

**(b) Movement in provisions**

2014 Period	Everton \$	Walwa \$	Moyhu \$	Fairy- knowe \$	Sandy Creek \$	Total \$
<b>Opening Balance</b>	<b>4,470</b>	<b>4,380</b>	<b>3,840</b>	<b>24,149</b>	<b>72,616</b>	<b>109,455</b>
Additional provisions recognised	1,280	0	0	1,621	8,978	11,879
<b>Additions</b>	<b>1,280</b>	<b>0</b>	<b>0</b>	<b>1,621</b>	<b>8,978</b>	<b>11,879</b>
Reductions resulting from re-measurement or settlement without cost	0	4,380	0	0	0	4,380
<b>Reductions</b>	<b>0</b>	<b>4,380</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,380</b>
<b>Closing Balance</b>	<b>5,750</b>	<b>0</b>	<b>3,840</b>	<b>25,770</b>	<b>81,594</b>	<b>116,954</b>
Current	5,750	0	3,840	0	0	9,590
Non-Current	0	0	0	25,770	81,594	107,364
	<b>5,750</b>	<b>0</b>	<b>3,840</b>	<b>25,770</b>	<b>81,594</b>	<b>116,954</b>

	2014 \$	2013 \$
<b>NOTE 18</b>		
<b>CONTRIBUTED CAPITAL, RESERVES AND ACCUMULATED FUNDS</b>		
<b>(a) Contributed capital</b>		
Balance at beginning of year	5,103,823	5,103,823
<b>Balance at end of year</b>	<b>5,103,823</b>	<b>5,103,823</b>
<b>(b) Reserves</b>		
<b>Asset revaluation reserve</b>		
Balance at beginning of year	643,746	643,746
<b>Asset revaluation reserve</b>	<b>643,746</b>	<b>643,746</b>
<b>Committed funds reserve</b>		
Balance at beginning of year	3,822,158	5,620,228
Net transfers from accumulated funds	(56,038)	(1,798,070)
<b>Committed funds reserve</b>	<b>3,766,120</b>	<b>3,822,158</b>
<b>Total Reserves</b>	<b>4,409,866</b>	<b>4,465,904</b>
<b>(c) Accumulated funds</b>		
Balance at beginning of year	0	0
Net result for the period	(56,038)	(1,798,070)
Transfer (to)/from Committed Funds Reserve	56,038	1,798,070
<b>Balance at end of year</b>	<b>0</b>	<b>0</b>

#### Committed funds reserve

The reserve has been established to recognise that the Authority receives funding for programs in advance of the program works taking place. The Authority is committed to expending these funds in accordance with its Corporate Plan in succeeding years. At the end of the financial year any Accumulated Funds which represents unexpended program funding, has been transferred to the reserve.

There is an amount of \$3,471,034 in contributed capital previously transferred in from accumulated funds which represents various works programs not covered by the committed funds reserve.

**NOTE 19**  
**FINANCIAL INSTRUMENTS**

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

**Interest rate exposures and maturities**

	Weighted Average Floating Interest Rate	Weighted Average Fixed Interest Rate	Non Interest Bearing	Floating Interest	Fixed Interest Maturing less than 1 year	Total
<b>2014</b>						
<b>Financial asset</b>						
Cash and cash equivalents	2.00%	2.66%	400	4,550,080	3,750,000	8,300,480
Receivables (*)	N/A	N/A	1,234,909	0	0	1,234,909
<b>Financial Liabilities</b>						
Payables	N/A	N/A	875,920	0	0	875,920
<b>Net financial assets/liabilities</b>			<b>359,389</b>	<b>4,550,080</b>	<b>3,750,000</b>	<b>8,659,470</b>
<b>2013</b>						
<b>Financial asset</b>						
Cash and cash equivalents	2.25%	2.79%	400	971,827	6,400,000	7,372,227
Receivables (*)	N/A	N/A	2,446,805	0	0	2,446,805
<b>Financial Liabilities</b>						
Payables	N/A	N/A	1,255,822	0	0	1,255,822
<b>Net financial assets/liabilities</b>			<b>1,191,383</b>	<b>971,827</b>	<b>6,400,000</b>	<b>8,563,210</b>

(\*) Adjusted for NET GST Receivable

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

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

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

2014	Carrying amount as at 30 Jun 14	Fair Value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
<b>Assets</b>				
Cash and cash equivalents	8,300,480	8,300,480	0	0
Receivables (*)	1,234,909	1,234,909	0	0
<b>Total Assets</b>	<b>9,535,390</b>	<b>9,535,390</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>				
Payables	875,920	875,920	0	0
<b>Total Liabilities</b>	<b>875,920</b>	<b>875,920</b>	<b>0</b>	<b>0</b>

2013	Carrying amount as at 30 Jun 14	Fair Value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
<b>Assets</b>				
Cash and cash equivalents	7,372,227	7,372,227	0	0
Receivables (*)	2,446,805	2,446,805		
<b>Total Assets</b>	<b>9,819,032</b>	<b>9,819,032</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>				
Payables	1,255,822	1,255,822	0	0
<b>Total Liabilities</b>	<b>1,255,822</b>	<b>1,255,822</b>	<b>0</b>	<b>0</b>

(\*) Adjusted for NET GST Receivable

There have been no transfers between levels during the period. Cash and Cash equivalents have a short term maturity, accordingly it is considered that carrying amounts reflect fair value. The carrying amounts of receivables reflects fair value. The carrying amounts of payables reflects fair value.

	2014 \$	2013 \$
<b>NOTE 20</b>		
<b>COMMITMENTS</b>		
<b>(a) Operating leases</b>		
<b>Non-cancellable operating lease commitments inc. GST</b>		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	56,175	160,062
Later than one year but not later than five years	38,227	96,108
	<b>94,402</b>	<b>256,170</b>
<b>(b) Non-Capital commitments</b>		
As at 30 June 2014 the Authority had \$2,596,024 (2013: \$1,714,470) in non-capital expenditure commitments. All Outstanding Commitments are to be expensed in the 2014/15 Financial Year.		
Within one year	2,596,024	1,714,470
	<b>2,596,024</b>	<b>1,714,470</b>

**NOTE 21**  
**CARRY FORWARD FUNDING**

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

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

**NOTE 22**  
**CONTINGENT ASSETS AND LIABILITIES**

**Contingent Assets**

As at 30 June 2014, the Authority has no contingent assets.

**Contingent Liabilities**

As at 30 June 2014, the Authority has issued Bank Guarantees in favour of the Department of State Development, Business and Innovation (previously known as Ministry for Agriculture and Resources) totalling \$85,800 (2013: \$85,800).

The Authority is currently negotiating new leased premises for the Wodonga Head Office. The current lease of the Wodonga Office requires that on vacating the premises, the premises will be made good for any damage caused by the removal of installations. At balance date, it is reasonably probable that the Authority will incur a liability for make good works, but is unable to reliably quantify the value of works required.

**NOTE 23**  
**SUPERANNUATION**

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

<b>Fund</b>	<b>Type of Scheme</b>	<b>Rate %</b>	<b>2014 \$</b>	<b>2013 \$</b>
Vision Super	Defined benefits	9.25%	28,372	33,919
Vic Super New Scheme	Accumulation	9.25%	22,001	33,495
Vision Super Saver	Accumulation	9.25%	57,264	70,485
All Other funds	Accumulation	9.25%	145,606	135,390
<b>Total contributions to all funds</b>			<b>253,243</b>	<b>273,289</b>

As at balance date there was \$25,507 (2013: \$77,739) in contributions payable to the above funds. No balances were repayable in respect of loans made to the Authority from any fund. The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2015 is \$37,793.

The Authority makes its employer superannuation contributions in respect of its employees to various nominated funds chosen by its employees. Obligations for contributions to these funds are recognised as an expense in the Comprehensive Operating Statement when they are made or due.

## Accumulation

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

Effective from 01 July 2014, the Superannuation Guarantee contribution rate is legislated to increase to 9.50%, and will progressively increase to 12% by 2019. Based on announcements included in the May 2014 Federal Budget, this progressive increase to 12% will be delayed until 2022.

## Defined Benefits

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

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Authority in the Fund cannot be measured as a percentage compared with other participating employers. While there is an agreed methodology to allocate any shortfalls identified by the Fund

Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

### (i) FUNDING ARRANGEMENTS

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

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

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

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

### (ii) EMPLOYER CONTRIBUTIONS

#### (a) REGULAR CONTRIBUTIONS

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, the Authority makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2014, this rate was 9.25% of members' salaries.

This rate increased to 9.50% on 01 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

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

### (b) FUNDING CALLS

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

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

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

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

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



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

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

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

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

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

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

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

#### DIFFERENCES BETWEEN CALCULATIONS

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

#### (c) RETRENCHMENT INCREMENTS

During 2013/14, the Authority was required to make payments to the Fund in respect of retrenchment increments in the amount of \$22.60 (\$Nil in 2012/2013). The Authority's liability to the Fund as at 30 June 2014, for retrenchment increments, accrued interest and tax is \$Nil (\$Nil in 2012/2013).

#### (iii) SHORTFALL AMOUNTS

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

The Authority was made aware of the expected shortfall during the 2011/2012 year and was informed of its share of the shortfall on 2 August 2012. The Authority has not been advised of any further adjustments. The Authority's share of the shortfall amounted to \$311,372.94 (excluding contributions tax) which was accounted for in the 2011/2012 Comprehensive Operating Statement within Employee Costs and in the Balance Sheet in Current Liabilities Employee Benefits.

No further amount has been accounted for in the 2013/2014 Comprehensive Operating Statement within Employee Costs (see Note 5)

and in the Balance Sheet in Current Liabilities Employee Benefits (see Note 16) (2013: \$Nil Employee Benefits and \$Nil Current Liabilities Provisions).

For the 2012/2013 year, the Authority received an early payment discount of \$1,845.36 which was accounted for in the 2012/2013 Comprehensive Operating Statement within Employee Costs (see Note 5) and in the Balance Sheet in Current Liabilities Employee Benefits (see Note 16). The amount of the unpaid shortfall at 30 June 2014 is \$Nil (\$Nil for 2012/2013).

#### (iv) ACCRUED BENEFITS

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

Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards)	<u>4,642,133</u>
Difference between Assets and Accrued Benefits	<u>(326,809)</u>
Vested Benefits	4,838,503

(Minimum sum which must be paid to members when they leave the fund)

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	7.50% p.a
Salary Inflation	4.25% p.a
Price Inflation	2.75% p.a

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

## NOTE 24 RESPONSIBLE PERSONS RELATED DISCLOSURES

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

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

Honourable Ryan Smith, MP	Minister for Environment and Climate Change
Honourable Peter Walsh, MLA	Minister for Water
Lyn Coulston	(Chair)
Bernard Young	(Board Member to 30 Sep 13 and reappointed from 14 Oct 13, Deputy Chair 1 Jul 13 to 24 Sept 13)
Maureen Rogers	(Board Member, Deputy Chair 24 Sept 13 to 30 Oct 13)
Anthony Jarvis	(Board Member, Deputy Chair 30 Oct 13 - 30 Jun 14)
Neil McCarthy	(CEO)
Rhonda Serpell	(Board Member)
Ben Clifton	(Board Member)
Tammy Atkins	(Board Member to 30 Sep 13)
Susan Benedyka	(Board Member to 30 Sep 13)
Robert Hescock	(Board Member from 14 Oct 13)
Hamish MacLennan	(Board Member from 14 Oct 13)
Matthew Fagence	(Acting CEO - 1 Jul 13 to 12 July 13)
Jeff Taylor	(Acting CEO - 15 Oct 13 to 28 Oct 13; 13 Jan 14 to 31 Jan 14)
Jane Young	(Acting CEO - 20 Jun 14 to 30 Jun 14)

### Remuneration of responsible persons

Remuneration paid to Ministers is reported in the Annual Report of the Department of Premier and Cabinet. Other relevant interests are declared in the Register of Members' Interests which each member of the Parliament completes. Remuneration received or receivable from the Authority in connection with the management of the Authority during the reporting period was:

Band	2014	2013
\$0-\$9,999	7	2
\$10,000-\$19,999	5	8
\$20,000-\$29,999	1	0
\$30,000-\$39,999	0	1
\$170,000-\$179,999	0	1
\$180,000-\$189,999	1	0
<b>Total Remuneration \$</b>	<b>290,843</b>	<b>323,059</b>

### Other transactions Responsible Persons

Lyn Coulston (Board Chair) is a director of Mountain Creek Native Plant Nursery. During the 2014 year the Authority purchased \$Nil (2013: \$2,800) of seedlings from Mountain Creek Native Plant Nursery. These purchases were based on normal commercial terms and conditions.

Susan Benedyka (Board Member) is a director of The Regional Development Company Pty Ltd. During the 2014 the Authority received \$Nil (2013: \$84,054) of consulting services from the Regional Development Company Pty Ltd. These services were based on normal commercial terms and conditions.

Anthony Jarvis (Board Member) has had flood recovery works undertaken on his property. During the 2014 the Authority undertook flood recovery works to the value of \$Nil (2013: \$14,318). These flood works met Department of Treasury and Finance's guidelines for flood relief works.

### Responsible Persons - related parties

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

## Remuneration of executive officers

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

Band	Total Remuneration		Base Remuneration	
	2014	2013	2014	2013
\$110,000-\$119,999	1	0	1	0
\$120,000-\$129,999	1	1	1	1
\$140,000-\$149,999	0	1	1	2
\$150,000-\$159,999	1	1	0	0
Total number of Executive Officers	3	3	3	3
Total Annualised Employee Equivalent (*)	2.1	2.1	2.1	2.1
<b>Total Remuneration \$</b>	<b>401,271</b>	<b>423,006</b>	<b>392,418</b>	<b>413,171</b>

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

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

	2014 \$	2013 \$
<b>NOTE 25</b>		
<b>RECONCILIATION OF NET RESULT FOR THE PERIOD TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net result for the period</b>	(56,038)	(1,798,070)
<b>Add/(less) Non-Cash Flows in Net Result</b>		
(Profit) / loss on disposal of non-current assets	(146,608)	(30,631)
Depreciation and amortisation	366,514	381,593
<b>Total Non-Cash Flows in Net Result</b>	<b>163,868</b>	<b>(1,447,108)</b>
<b>Changes in Assets and Liabilities</b>		
Decrease/(increase) in trade receivables	1,123,998	(1,970,260)
Decrease/(increase) in inventories	35,000	13,400
(Decrease)/increase in provisions	7,499	7,560
Decrease/(increase) in prepayments	15,960	(15,862)
(Decrease)/Increase in payables	(379,899)	57,285
(Decrease)/increase in employee benefits	(45,956)	(60,493)
<b>Total Changes in Assets &amp; Liabilities</b>	<b>756,602</b>	<b>(1,968,370)</b>
<b>Net Cash flows from Operating Activities</b>	<b>920,470</b>	<b>(3,415,477)</b>

## NOTE 26 SUBSEQUENT EVENTS

The Bank Guarantee held on Work Authority number WA 1080 in the amount of \$5,000 was subsequently released by the Department of State Development, Business and Innovation on 1st July 2014. (refer Note 22).

The Assets Held for Sale (Moyhu Depot) (Refer Note 12 (a)) has subsequently been sold on 18th July 2014 for a sale price of \$80,000 (incl GST), resulting in a net book loss of \$32,577.

No other 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.

# APPENDICES

## GOVERNANCE

PERFORMANCE INDICATORS	TARGETS	ACHIEVED REPORTING 2013-2014
<b>BOARD PERFORMANCE</b>		
Complete and submit an annual board performance assessment report, according to any Ministerial guidelines issued	By 31 August annually	Report Submitted 30 August 2013
Participation by board members in development activities	All board members participate in development activities	100 % of board members participated in development activities
<b>BOARD CHARTER</b>		
Develop and implement a board charter	The board charter is reviewed (and if necessary, amended) by 30 June annually	The Charter was approved by the Board in on 25 February 2014
<b>RISK AND FINANCIAL MANAGEMENT</b>		
Compliance to risk management plans for each program	All programs have risk management plans in place	100% of the Strategic Directions had risk plans and all major projects had risk plans
	Nil non-compliances with risk management plan	Nil

## POLICIES AND PROCEDURES

PERFORMANCE INDICATORS	TARGETS	ACHIEVED REPORTING 2013-2014
<b>POLICY &amp; PROCEDURES</b>		
Regular review of policies and procedures	Each policy and procedure is reviewed at least every five years	<ul style="list-style-type: none"> <li>• 75% were reviewed</li> <li>• 16 Policies were due for review in 2013/2014</li> </ul>

## EFFICIENCY AND ORGANISATIONAL PERFORMANCE

PERFORMANCE INDICATORS	TARGETS	ACHIEVED REPORTING 2013-2014
<b>GRANT MANAGEMENT</b>		
Administration costs of grants are minimised	10 per cent or less of grant funds is spent on administration	5.92% of grant funds spent on administration Nil grants programs with more than 10% spent on administration
Minimise time taken to determine grant applications	Minimise time taken to determine grant applications	All grants determined within 30 days
<b>REGULATORY WATERWAY/WATER FUNCTIONS</b>		
Number of days to process works on waterways permits	Not more than 20 working days	Average of 20 working days to process permits. Number of permits that took more than 20 working days to process 39, out of a total of 93.
Number of days to process referrals for any works on or in relation to a dam	Not more than 20 working days	Average number of working days to process referrals - 15 days Number of referrals that took more than 20 working days to process - 0
Number of days to process referrals from local government on flooding and controls on planning scheme amendments, and planning and building approvals	Not more than 20 working days	14 days is the average number of working days to process referrals for the 164 referrals received 26 referrals took more than 20 working days to process
Number of days to process enquiries from local government and the community on flooding	Not more than 20 working days	9.5 days is the average number of working days to respond to enquiries 6 enquiries took more than 20 working days to process.
Number of days to process referrals for Water Use Licences that don't meet the standard water-use conditions	Not more than 20 working days	Nil referred by Goulburn Murray Water to the CMA
Number of days to process enquiries from Rural Water Corporations on irrigation and drainage plans and seasonal adjustments to annual use limits	Not more than 20 working days	Average number of working days to process referrals - 7 days. Number of referrals that took more than 20 working days to process, - 0
Number of days to process enquiries from Rural Water Corporations issuing Take and Use Licences	Not more than 20 working days	Nil referred by Goulburn Murray Water to the CMA

## EFFECTIVENESS AND ENVIRONMENTAL OUTCOMES

PERFORMANCE INDICATORS	TARGETS	ACHIEVED REPORTING 2013-2014
<b>INTEGRATED RIVER HEALTH MANAGEMENT</b>		
Revise Regional River Health Strategy to plan for waterways in relation to their economic, social and environmental values	Regional River Health Strategy revised every six years	Draft Regional Waterway Strategy approved by Board on 27 May 2014
Develop and revise Environmental Operating Strategies and Annual Watering Plans to manage the environmental water reserve in accordance with objectives	Environmental Operating Strategies developed or revised every five years  Annual Watering Plans approved for all Environmental Entitlements	No Environmental Operating Strategies were developed or revised  Seasonal Watering Proposal prepared for the VEWH, for Commonwealth environmental water entitlements in the Ovens River System
Implement annual river health programs and activities to improve environmental values and health of water ecosystems	All annual river health targets and works programs achieved	97% of annual river health targets and works programs achieved (including recovery works)
<b>REGIONAL CATCHMENT STRATEGY (RCS) IMPLEMENTATION</b>		
Complete and submit the developed or revised RCS According to any guidelines, standards and related information issued	Submit the developed or revised RCS by the due date as required in any guidelines, standards and related information issued	Not applicable for 2013/14 year RCS approved in May 2013
Percentage of RCS annual actions implemented	All RCS annual actions implemented	5% of the six year management measures have been implemented. The implementation of the RCS MER plan through 2014/2015 will improve regional capacity to report on annual actions.
<b>REGIONAL NATIVE VEGETATION PLAN (RNVP) IMPLEMENTATION</b>		
Percentage of RNVP annual actions implemented	All RNVP annual actions implemented	No Current RNVP Plan
<b>INVASIVE PLANT AND ANIMAL MANAGEMENT</b>		
Regional Invasive Plant and Animal Strategies incorporating related priorities in all land tenures in the region	Invasive Plant and Animal Strategies revised by 30 June every five years	Regional Draft Strategy on hold due to reforms in Biosecurity Regulations
<b>REGIONAL AND STATUTORY PLANNING</b>		
Provide advice on dryland salinity, irrigation management, soil erosion, or any other land management issue identified in the local Municipal Strategic Statement as the referral body	100 per cent of referral responses provided for each issue	Percentage of referral responses provided for each issue

PERFORMANCE INDICATORS	TARGETS	ACHIEVED REPORTING 2013-2014
<b>SALINITY MANAGEMENT</b>		
Implementation and periodic review of Regional Salinity Management Plans (RSMP) and Land and Water Management Plans (LWMP)	RSMP and LWMP completed RSMP and LWMP periodically reviewed RSMP and LWMP include annual actions to be implemented	Nil RSMP and LWMP completed LWMP to be reviewed 2013/14 Annual actions implemented through the Mega-Murray and Biolinks projects
Progress against annual action targets	All annual RSMP and LWMP actions and targets achieved	Salinity targets not measured
Develop regional salinity targets and corresponding works programs in accordance with the Murray Darling Basin Salinity Agreement	All annual salinity targets and works programs achieved	Salinity targets not measured
Annual report on the allocation and update of salt disposal entitlements submitted to the responsible Minister	By 31 July annually or as otherwise requested by the responsible Minister	Not applicable. The North East region has no salt disposal entitlements
<b>REGIONAL LANDCARE GROUPS, NETWORKS AND OTHER COMMUNITY GROUPS</b>		
Deliver the Regional Landcare Support Strategy, including coordination of Landcare at a regional scale	Evaluate and revise the strategy every five years	The Regional Landcare Support Plan was approved by board on 20 August 2013

## NORTH EAST CMA CORPORATE PLANNING TARGETS

PERFORMANCE INDICATORS	TARGETS	ACHIEVED REPORTING 2013-2014
<b>DRIVING OUR STRATEGY</b>		
RCS approved by Minister	By 2013/14	May 2013
<b>ENGAGEMENT AND PARTNERING</b>		
Community Engagement and Partnering Plan exists	By 2013	20 August 2013
<b>FOCUS ON SERVICE DELIVERY EXCELLENCE</b>		
Quality of Service Model established	By 2013	12 December 2013 The Quality of Service model will deliver a framework that will ensure the CMA has: · a clear line of sight between strategy and on-ground implementation; · is meeting our legislative and statutory requirements by completing activities to agreed standards;
<b>PROACTIVE AND COLLABORATIVE CULTURE</b>		
Annual SSA "People Matter Survey"	By 2013 and annual	The CMA did not participate in the People Matter Survey during 2013/14
<b>BUSINESS DEVELOPMENT</b>		
Annual Audited Financial Statements	Annual	The Victorian Auditor-General issued an unqualified audit report on 16 August 2013 for the 2012/13 financial year

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# GLOSSARY OF TERMS

## ABBREVIATION TERM

ARI	Arthur Rylah Institute
CaCl	Calcium Chloride
CAMS	Catchment Activity Management System
CfoC	Caring for our Country
CLF	Community Liaison Facilitator
CLRG	Community Liaison Reference Group
CMA	North East Catchment Management Authority
DEPI	Department of Environment and Primary Industries
DPI	Department of Primary Industries
DSE	Department of Sustainability and Environment
EEO	Equal Employment Opportunity
EVC	Ecological Vegetation Classes
EWR	Environmental Water Reserve
G-MW	Goulburn-Murray Water
Ha	Hectare
ISC	Index of Stream Condition
IT	Information Technology
Km	Kilometre
LIDAR	Light Detection and Ranging
MDBC	Murray Darling Basin Commission
MERIF	Monitoring Evaluation Reporting and Improvement Framework
MoU	Memorandum of Understanding
MSS	Municipal Strategic Statement
NESHAP	North East Soil Health Action Plan
NEW	North East Water
NSWS	Northern Sustainable Water Strategy
OBWQWG	Ovens Basin Water Quality Working Group
OHS	Occupational Health and Safety
PDC	Protected Disclosure Coordinator
pH	Acidity / Alkalinity Scale
PPSR	Participatory Performance Story Reporting
RCIP	Regional Catchment Investment Plan
RCS	(North East) Regional Catchment Strategy
REALM	Research Application Model
RGSC	Regional Groundwater Services Committee
RWS	(North East) Regional Waterway Strategy
SFMP	Stream Flow Management Plan
SLA	Service Level Agreement
VCMC	Victorian Catchment Management Council
VMIA	Victorian Managed Insurance Authority
VROTS	Victorian Rare or Threatened Species
WAP	Waterway Action Plan

# REPORT PROFILE

The North East Catchment Management Authority (NECMA) was established by the Victorian Government in July 1997 under the Catchment and *Land Protection Act 1994*.

The responsible Ministers during the 2013/2014 reporting period were Ryan Smith MP, Minister for Environment and Climate Change and Peter Walsh MLC, Minister for Water.

This report of operations and associated financial statements has been prepared to meet statutory requirements and inform stakeholders of the CMA's activities for the 2013/2014 period.

Further information on NECMA is available from the following sources:

- Previous annual reports
- Corporate Plan 2014 to 2019
- Regional Catchment Strategy
- Draft North East Waterway Strategy
- Landcare Support Plan
- Regional Catchment Investment Plan

Copies of these documents may be obtained from our office, 1B Footmark Court, Wodonga or from our website, [www.necma.vic.gov.au](http://www.necma.vic.gov.au).

Our new website and social media pages (Facebook, Google+, Twitter), are excellent tools for obtaining information on the various activities that help us meet our objectives, current funding availability and general educational material.

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# HIGHLIGHTS 2013/2014



The Wangaratta Sustainability Network, NECMA, Restoring Our Waterways Group, Wangaratta Urban Landcare Group, Ovens Landcare Network, Park Lane Nursery and the Rural City of Wangaratta worked together on four major projects that incorporated; median strip tree planting to improve streetscape, enhancements to the Wareena Wetland with planting and a picnic area, identification of significant trees through a local photo competition and exhibition, and flora and fauna surveys and water quality testing.



Scientists and river health teams installed a series of fish 'motel' along the Ovens River to provide protection for native fish.



Key biodiversity partners in the region undertook a range of activities to protect and preserve threatened fish, frogs, invertebrates, alpine vegetation, woodland fauna, and key flora.



APRIL

NECMA invited the catchment community to review and test the draft North East Waterway Strategy.



Historically Macquarie Perch were found in large numbers in the lower and mid Ovens River. A reintroduction program led by the DEPI aimed to create a self-sustaining population into the future.



MAY

Activities held at mentor farms offered groups of farmers knowledge and skills needed to apply sustainable agriculture practices in their own enterprises.



JUNE



Member for Murray Valley, Tim McCurdy MP, announced the first stage of a flood investigation for the Wangaratta area.



NECMA and Alpine Shire signed a Memorandum of Understanding that will see the two organisations working more closely together in future years.



NECMA celebrated the contribution of local volunteers during National Volunteers Week.

# HOW WE CAN HELP YOU

You can contact the North East Catchment Management Authority for advice and assistance in the following areas:

## FUNDING AND GRANTS

We provide information about natural resource management funding programs and link you to funding sources. Our website has regular updates about grants and incentive programs.

Visit [www.necma.vic.gov.au](http://www.necma.vic.gov.au).

## WORKS ON WATERWAYS

You can contact us for permits and planning advice.

## EDUCATION

We can help you identify opportunities for your school to be involved in Waterwatch. You can conduct water quality tests on your local waterway, get involved in catchment activities, habitat surveys and annual water quality and macroinvertebrates snapshots along some of our rivers. Through the Schools Environment Education Directory (SEED) teachers can access units of work to be delivered within their school. Contact our Waterwatch team for information.

## LANDCARE

If you are new to our region, we can put you in contact with your nearest Landcare group.

## SEMINARS AND WORKSHOPS

We run seminars about current environmental issues and hold workshops to build the skills of our groups and individuals. Check our website for coming events.

## INDIGENOUS SUPPORT

We facilitate indigenous community involvement in natural resource management, and can put you in contact with indigenous groups across the region.

1B Footmark Crt,  
PO Box 616  
Wodonga, VIC 3689

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**NORTH EAST  
CATCHMENT  
MANAGEMENT  
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