

A Guide to Governing in the Water Sector

Governance guidance for directors and the executives reporting to them





We acknowledge and respect Victorian Traditional Owners as the original custodians of Victoria’s land and waters, their unique ability to care for Country and deep spiritual connection to it.

We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices.

DEECA is committed to genuinely partnering with Victorian Traditional Owners and Victoria’s Aboriginal community to progress their aspirations.

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Secretary's foreword

Victoria's 18 water corporations, nine catchment management authorities (CMAs), the Victorian Environmental Water Holder (VEWH) and the Birrarung Council (i.e., Victoria's "water entities") support a strong economy, sustainable agricultural sector and a healthy environment. Water entity directors play a critical role in ensuring entities deliver on these objectives, support the liveability of Victoria's towns and cities and do so with integrity and with the community at the centre.

It is a significant task.

In the 2021-22 financial year, Victoria's water corporations provided services to over 3.0 million customers (including households, businesses and farms), employed approximately 6,300 staff, generated \$6.3 billion in revenue, and invested \$1.7 billion in capital works. CMAs delivered a range of waterway and catchment health programs, and the VEWH managed over a million megalitres of water to achieve environmental outcomes.

Victoria's water entities – on behalf of the Victorian Government – are addressing important challenges, including climate action, recovery from and adapting to, extremes rainfall and temperature patterns, working with First Nations people to deliver on self-determination, population growth, potential threats from cyber security

and – in the case of water corporations – managing demand and service affordability. In addition, *Water for Victoria*, the Victorian Government's plan for managing Victoria's water resources and catchments, gives priority to gender equity in the water sector, increasing participation of Aboriginal Victorians in water and catchment management, and embedding community engagement and partnerships in the way we work to achieve sustainable outcomes while generating positive returns on investments.

To meet these challenges, the Minister for Water has appointed Directors to Victoria's water entity boards to ensure they have the skills required to deliver on their agendas and represent and connect with Victoria's diverse communities.

Congratulations on your appointment.

Directors have significant administrative and governance responsibilities, and this *Guide to Governing in the Water Sector* (the Guide) has been prepared to help directors navigate those responsibilities. This includes putting the standards of conduct expected by directors, as set out in the *Code of Conduct for Directors of Victorian Public Entities*, at the centre of everything Directors do. Other support modules, model policies and guidance notes can be found on the Department's [On Board](#) web page.



John Bradley

Secretary,
Department of Energy,
Environment and
Climate Action

The water sector can only deliver the service Victorians expect if the sector works collaboratively. To that end, my department is committed to providing opportunities for directors to access up-to-date information through several director development forums. We look forward to working with the experienced and expert members of Victoria's water Boards to build our networks and collaboration across the sector and deliver better outcomes for water customers.

Together, we can build and strengthen our leadership in water and catchment management to deliver service excellence to Victorian communities.

A handwritten signature in black ink, appearing to read 'John Bradley', written in a cursive style.

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Abbreviations

ACCC	Australian Competition and Consumer Commission	EMMV	Emergency Management Manual Victoria	MDBA	Murray-Darling Basin Authority
ANCOLD	Australian National Committee on Large Dams Incorporated	EWOV	Energy and Water Ombudsman Victoria	NC	National Cabinet
AWA	Australian Water Association	EPA	Environment Protection Authority	NWI	National Water Initiative
BEs	Bulk entitlements	EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>	SEPPs	State Environment Protection Policies
BoM	Bureau of Meteorology	ESC	Essential Services Commission	SoO	Statement of Obligations
CaLP Act	<i>Catchment and Land Protection Act 1994</i>	IBAC	Independent Broad-based Anti-Corruption Commission	TRP	Total remuneration package
CMAs	Catchment management authorities	IGEM	Inspector General for Emergency Management	VAGO	Victorian Auditor-General's Office
Cth	Commonwealth	IWA	Institute of Water Administration	VCAT	Victorian Civil and Administrative Tribunal
CEWH	Commonwealth Environmental Water Holder	ICOLD	International Commission on Large Dams	VEWH	Victorian Environmental Water Holder
DEECA	Department of Energy, Environment and Climate Action	LoE	Letter of Expectations	VIRT	Victorian Independent Remuneration Tribunal
DH	Department of Health	PDSP	Protective Data Security Plan	VPDSF	Victorian Protective Data Security Framework
DJSIR	Department of Jobs, Skills, Industry and Regions	PAA	<i>Public Administration Act 2004</i>	VPSC	Victorian Public Sector Commission
DTF	Department of Treasury and Finance	PEER	Public Entity Executive Remuneration	WIRO	Water Industry Regulatory Order
EMV	Emergency Management Victoria	MDB	Murray-Darling Basin	WMPs	Waste Management Policies
				WSAA	Water Services Association of Australia

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The purpose of this Guide

This Guide has been prepared to provide an overview at a point in time (March 2023) of the administration, and governance framework for water corporations, the Victorian Environmental Water Holder (VEWH) the Birrarung Council and catchment management authorities (CMAs); collectively referred to as water entities.

The intent of this Guide is to provide you, a director of a Victorian water entity, with an introduction to the legislation, ministers, government departments and agencies that play a role in the oversight and management of water entities and their boards. This document gives you guidance on the responsibility and accountability you hold as director for the strategic direction of your organisation.

This Guide is not designed as a replacement for any existing publications, nor is it to be used as a replacement for formal legal advice. Please remain mindful of the potential for legislation and policy to change following the publication of this Guide. Unless stated otherwise, the legislation referred to in this Guide is Victorian as of March 2023.

Links throughout this publication enable the reader to access and explore further information.

This Guide is one of several available that provides guidance on the legislative and regulatory frameworks and policy environments in which water entities operate.

The Department of Energy, Environment and Climate Action (DEECA) website [On Board](#) provides contemporary information and resources on key governance topics. On Board's support modules (e.g. conflict of interest, probity) include model policies and templates, guidance notes, governance guides, and other governance information and tools tailored specifically for DEECA agencies.¹

On Board has links for downloading this Guide and [resources for board operations](#) based on the Victorian Public Sector Commission's (VPSC) informative resource [Board Director Induction](#).

¹ Boards should have established policies that are consistent with DEECA's model policies. This will assist the board in meeting its governance obligations.

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PHOTO CREDIT South Gippsland Water



PHOTO CREDIT Lower Murray Water

Part 1

Where directors' standards of behaviour and conduct are set

Directors' Standards of Behaviour: *The Public Administration Act 2004*

As a director of a public entity, you are in a leadership position and your actions, decisions and behaviour set the tone, culture and direction for your entity's employees, contractors and customers.

Whilst you have some autonomy in setting the culture for your entity, you are subject to policies that set the expected conduct for all public sector directors, including: the [Public Administration Act 2004](#) (PAA) and the Victorian Public Sector Commission's [Code of Conduct for Directors of Public Entities](#). These are explained in more detail below.

Duties for directors of public sector entities

Under the [PAA](#) (Section 79) the director of a public entity board – in the exercise of the functions of their office – must always act:

- honestly
- in good faith in the best interests of the public entity
- with integrity
- in a financially responsible manner
- with a reasonable degree of care, diligence and skill, and
- in compliance with the Act or subordinate instrument or other document under which the public entity is established.

A director must not improperly use their position or any information acquired by them by reason of their position to:

- gain an advantage for them self or another person, or
- cause detriment to the public entity.

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Public sector values

The [PAA](#) sets out the expected standards of behaviour across the public sector. They apply to directors of water entities (Section 7). These are:

Table 1 Public sector values

Responsiveness	Respect	Impartiality
Integrity	Leadership	Accountability
Human rights		

In applying these values, a director of an entity must:

- model the values and ensure staff are informed of them, and
- ensure any values of your entity are consistent with these public sector values.

PHOTO CREDIT North Central CMA, cultural heritage mapping Barapa Water for Country project



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Duty of the chairperson of a public entity

The chairperson of a public entity must ensure that all policies adopted by, or relevant to, the public entity or the board of the public entity are provided, or made readily accessible, to all directors of the entity (Section 80, [PAA](#)).

Duties of the board

The [PAA](#) (Section 81) sets out what the board of a public entity must do, summarised as follows:

- act consistently with the functions and objectives of the entity
- keep the Minister and the Department abreast of risk management procedures and risks to the effective operation of the entity
- respond to requests for information from the Minister and the Department
- ensure there are procedures in place to assess director and board performance
- ensure there is a code of conduct in place for directors
- ensure there is a procedure in place to deal with conflicts of interest
- ensure there is an adequate gifts policy for directors in place
- ensure there are procedures in place for proper conduct of board meetings
- maintain appropriate financial records that are audited by the Auditor-General, and
- ensure there are adequate controls to prevent fraudulent behaviour.

Accountability to the Minister

The [PAA](#) (Section 85) states that the board of a public entity is accountable to the responsible Minister for conducting its functions. The Minister is then responsible to the Victorian Parliament for the public entity fulfilling its function.

To strengthen how a public entity conducts itself, the Minister can:

- appoint and remove directors
- give directions or request information from directors
- control or affect the public entity's operation, and
- initiate a review of the entity's management system, structures or processes.

[See more information about the role of ministers.](#)

PHOTO CREDIT Lower Murray Water



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Directors' Conduct: Codes of Conduct

The Code of Conduct for Directors of Victorian Public Entities

The VPSC's [Code of Conduct For Directors of Victorian Public Entities](#) is binding to all public sector directors (Section 4, [PAA](#)). It was last updated in March 2016. It is your duty as a director to be familiar with the most current version of this code.

Based on the Victorian public sector values, the Code of Conduct for Directors helps directors and statutory office holders to act appropriately and with the trust of the public from the date of appointment.

The code should be reflected in how you perform your duties as well as in the relationship you have with your portfolio minister, departmental and public entity staff, and the community. The VPSC considers a breach of the code to be misconduct and in the most serious cases it may lead to suspension or removal from office.

The code covers such areas as:

- leadership and stewardship
- board authority and delegation
- best interests of the public entity
- honesty and integrity, and
- conflicts of interest and duty.

You can find further information about directors' integrity standards at [On Board](#) and while you are there, see the support modules (e.g., Code of conduct, Conflict of interest, Gifts, benefits and hospitality). On Board also contains direct links to guidance materials on the VPSC and other useful websites.

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The importance of a director acting with integrity

Integrity is a principle of good governance and good governance maintains the Victorian community's trust in public institutions.

Integrity is one of the Public Sector Values under Section 7 of the [PAA](#), which is demonstrated by being honest and transparent, using powers responsibly, avoiding conflicts of interest and sustaining public trust. Without trust, public institutions lose their social licence to operate, which creates challenges for adaptive responses to emerging issues. You are required to exhibit integrity as a leader in your organisation, as determined by the following:

The Code of [Conduct for Directors of Victorian Public Entities](#) requires that:

- Directors act with honesty and integrity. They comply with laws, policies and generally accepted standards of behaviour. They are open and transparent in their dealings.
- Directors give proper consideration to matters before the Board. They express their views genuinely, clearly and without ambiguity. They disclose the information or considerations they relied upon in coming to their view. They speak up when a decision or advice is being considered that may be detrimental to the public interest and vote to record their view.

Director's use of information

As a director of a water entity, you must not make improper use of information acquired by virtue of your position to create pecuniary advantage or with intent to cause detriment to the water entity (section 108 of the [Water Act 1989](#) and section 18F of the [Catchment and Land Protection Act 1994](#) (CaLP Act)). Take particular care to ensure that information you receive as a board member is kept confidential, both during the term of your appointment and beyond. It is important that you ensure that any documents you receive electronically are not accessible by others.

Managing pecuniary interests and conflicts of interest

As a director of a water entity, if you have a pecuniary interest in any matter directly or indirectly concerning the entity, you should ensure those matters are appropriately disclosed and managed in accordance with the relevant legislation and guidelines.

The [Water Act 1989](#) (sections 109-114 for water corporations and section 33DJ for the VEWH) and the [CaLP Act](#) (sections 18G-18L for CMAs) impose requirements relating to disclosure, as well as attendance at a meeting and voting where a director has a pecuniary interest in any matter in which the water entity is concerned.

The Department of Premier and Cabinet's (DPC) Appointment and Remuneration Guidelines (clauses 6.7 to 6.10) require all public sector directors to complete a Declaration of Private Interests before initial appointment and if reappointed, annually during your term of appointment, or if there is a material change in your interests. Following appointment, DEECA provides a specific form for this purpose for use by directors of public entities in the DEECA portfolio. This form is available on the [On Board](#) website under 'Conflict of Interests', then 'Declaration of Private Interests'.

Water entity boards may require a declaration from any other employee engaged in a role where there is the potential for a conflict of interest to arise. For example, where the employee is involved in the selection of a tenderer for a major project. These declarations should also be made upon appointment, annually and whenever circumstances change.

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Role of the Department

Under the [PAA](#) (Section 13A), the Secretary of the relevant department is responsible for:

- a. advising the public service body Minister or Ministers on matters relating to a relevant public entity, including the discharge by the public entity of its responsibilities, including those under this or any other Act, and
- b. working with, and providing guidance to, each relevant public entity to assist the entity on matters relating to public administration and governance.

To facilitate this responsibility the Secretary has nominated a relationship manager for each DEECA entity. For water entities, the relationship manager is the Executive Director of Partnerships and Sector Performance, Water and Catchments Group. Relationship managers are available to provide guidance and assist you on matters relating to public administration and governance.

PHOTO CREDIT Yarra Valley Water, Craigieburn Hub



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Performance of Directors and Boards

Boards are required to assess their own performance and the performance of individual directors, deal with poor performance by directors, and resolve disputes between directors (Section 81 of [PAA](#)). Guidance on board performance assessment is provided by the VPSC with specific requirements set by the Minister.

The Minister for Water has written to each water sector entity setting out those requirements. Requirements for board performance reporting are also set in the SoO for both the water corporations and CMAs.

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PHOTO CREDIT Corangamite CMA, Peterborough Summer by the Sea - Estuary Explorers

Regulation of Directors' Conduct

Oversight by the Victorian Ombudsman

The Ombudsman investigates complaints raised by any member of the public about state government departments, most statutory authorities, and local government. This includes water entities and their boards. Investigations may be about the lawfulness of an agency's actions or decisions, or about the reasonableness and fairness of those actions. The Ombudsman will not usually intervene unless the aggrieved person has first raised their concerns with the responsible government authority and the matter has not been resolved. The [Victorian Ombudsman](#) is an independent officer of the Victorian Parliament established under the [Ombudsman Act 1973](#).

Investigations by the Independent Broad-based Anti-Corruption Commission

Under the *Independent Broad-based Anti-Corruption Commission Act 2011*, the [Independent Broad-based Anti-Corruption Commission](#) (IBAC) can investigate corrupt conduct or misconduct in public office of a public sector employee in Victoria. Corrupt conduct can include taking bribes, the dishonest performance of functions, the misuse of information, or fraud. Misconduct in public office focuses on the 'breach of public trust' element and may involve a failure to take appropriate action or the failure to disclose and properly manage a conflict of interest or other integrity concerns. This applies to boards and directors.

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PHOTO CREDIT North Central CMA, River Detectives

PHOTO CREDIT Goulburn Broken CMA, Planting with National Fisheries Association at Hughes Creek

Part 2

Director's responsibilities as a member of the board

Water Corporation Boards

In addition to the obligations provided to directors of public entities by the [PAA](#) (see Part 1), water corporation boards also have obligations under the [Water Act 1989](#).

[See Part 3](#) for a summary of the key functions of water corporations over which the board presides.

Strategic planning

Under Section 95(4) of the [Water Act](#), the board of a water corporation is responsible for –

- the strategic planning of the corporation, and
- the management and affairs of the corporation.

In so doing, the board must have regard for the sustainable management principles set out in the [Water Act](#) (section 93) and the entity's business objective (see Sections 94 and 95(5)).

The business objective requires water corporations to act as efficiently as possible, consistent with commercial practice. The sustainable management principles include internationally recognised environmental concepts to ensure that water resources are conserved and properly managed for sustainable use and for the benefit of present and future generations (see Section 93(a)).

Balancing the obligations of the sustainable management principles and the business objectives of a water corporation is a key task for each water corporation and its board.

Water corporations must also take into consideration the obligations set out in the SoO and LoE (see below).

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Appointing a Managing Director

The board of a water corporation may appoint a managing director of the water corporation, who is also a member of the board of directors (Section 99, [Water Act 1989](#)). The managing director is responsible for the day-to-day management of the water corporation.

The managing director is the only executive director of the board and is the primary link between the board and the water corporation's staff. The managing director is responsible for communicating board priorities and policies to staff, and presenting reports, submissions and budgets to the board. A water corporation must also have internal policies (e.g., gifts, benefits and hospitality policy) that form part of its governance framework to ensure it complies with Victorian laws and government policies. Directors ensure the organisation acts consistently with these policies.

PHOTO CREDIT Yarra Valley Water



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Catchment Management Authority Boards

In addition to the obligations provided to directors of public entities by the [PAA](#) (see [Part 1](#) of this Guide), CMA boards also have obligations under the [CALP Act](#) and the [Water Act 1989](#).

For a summary of the key functions of CMAs, over which the board presides, see [Part 3](#).

Obligations under the Catchment and Land Protection 1994

The board of a CMA (Section 16 of the [CaLP Act](#)) is responsible for:

- the strategic planning of the CMA
- deciding the policies of the CMA, and
- the management and affairs of the CMA.

Appointment of a CEO

A CMA board may appoint a person as the CEO of the CMA according to s.19G of the [CaLP Act](#).

PHOTO CREDIT Goulburn Broken CMA, revegetation on the Acheron River



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Victorian Environmental Water Holder

The [Victorian Environmental Water Holder](#) is an independent statutory body established under the [Water Act 1989](#) and is responsible for holding and managing Victoria’s water for the environment.

The VEWH is responsible for preparing annual seasonal watering plans for the whole or different parts of the state. Each seasonal watering plan scopes the ‘when’, ‘where’, ‘how’ as well as the rationale for applying water for the environment across Victoria’s rivers, wetlands and catchments. It is prepared in consultation with CMAs, the community, Traditional Owners, water corporations and other relevant agencies. It must consider any seasonal watering proposal developed by a waterway manager, i.e., Melbourne Water or a CMA with water management responsibilities.

PHOTO CREDIT DELWP, Hattah Lakes 2018



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Water for the environment (referred to in the Act as the “Water Holdings”) includes environmental entitlements, water shares and section 51 licences held by the VEWH. It also includes water held by the Commonwealth Environmental Water Holder (CEWH) to be managed by the VEWH by agreement. This ensures that all water set aside for environmental purposes can be consistently managed to achieve the best environmental outcomes.

The functions of the VEWH also include acquiring additional rights and entitlement to water and entering into agreements for the provision of works to enable the efficient and effective application of water for the environment. This may include agreements with water corporations.

Where environmental water is stored, water corporations work closely with the VEWH and waterway managers, regarding the release and delivery of the water.

Waterway managers are also typically responsible for the operational aspects of applying water for the environment. This is done in accordance with a seasonal watering statement issued by the VEWH.

PHOTO CREDIT North Central CMA, Gunbower Forest



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Responsibilities of all Water Entity Boards

Risk Reporting

The board of a water entity must inform the responsible Minister and the DEECA Secretary of “known major risks” to the effective operation of the entity and of the risk management systems that it has in place to address those risks (Section 81, [PAA](#)).

Climate Change Risk Management

All boards have responsibilities in relation to climate change. Victoria's water sector is committed to achieving net-zero emissions by 2035 and delivering the five-year [Water Cycle Adaptation Plan 2022-26](#). It identifies 21 actions to integrate climate change adaptation across all aspects of the Water Cycle System to ensure the ongoing climate resilience of the water sector. To support the water sector, DEECA has developed [Guidelines for Assessing the Impact of Climate Change on Water Availability in Victoria](#).

Attest to the Actions of the Board or Entity

Chairs or accountable officers are periodically required to attest to the delivery of functions or standards of performance. Examples of these include:

- Annual report attestations required by Directions 5.1.4, 5.2.2 and 5.2.3 of the Minister for Finance’s Standing Directions under the [Financial Management Act 1994](#)
- Protective Data Security Plan (PDSP) attestation required by the Victorian Protective Data Security Framework (VPDSF) which is established under Part Four of the [Privacy and Data Protection Act 2014](#), and
- Risk Management Plan attestation required by the [Emergency Management Act 2013](#) (Section 74N).

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Rights of Directors

Remuneration and Terms for Directors

The board of water entities may be entitled to remuneration for undertaking its role, as board members and as members of the board’s committees. Whilst remuneration is set by the relevant Minister, the Minister must follow the Victorian Government’s Board [Appointment and Remuneration Guidelines](#) which include remuneration bands to help guide the Minister when setting the remuneration for board members.

Terms of appointment can be up to five years for commissioners of the VEWH and up to four years for directors on water corporation boards and members on CMA boards

Director Development

Water entities and DEECA provide ongoing support to all non-executive directors, which includes attendance at industry events and participation in development programs. Chairs work with individual directors to support continuous improvement and development of skills and knowledge.

DEECA facilitates a director development program covering key governance issues for directors of water entities. The program provides an opportunity to:

- gain a deeper understanding of public sector values and expected behaviours
- gain a good understanding of the water sector’s legislative and governance framework
- gain a deeper understanding of directors’ duties
- understand the complex stakeholder relationships across government, and
- network with other directors, DEECA officers and other government departments and agencies.

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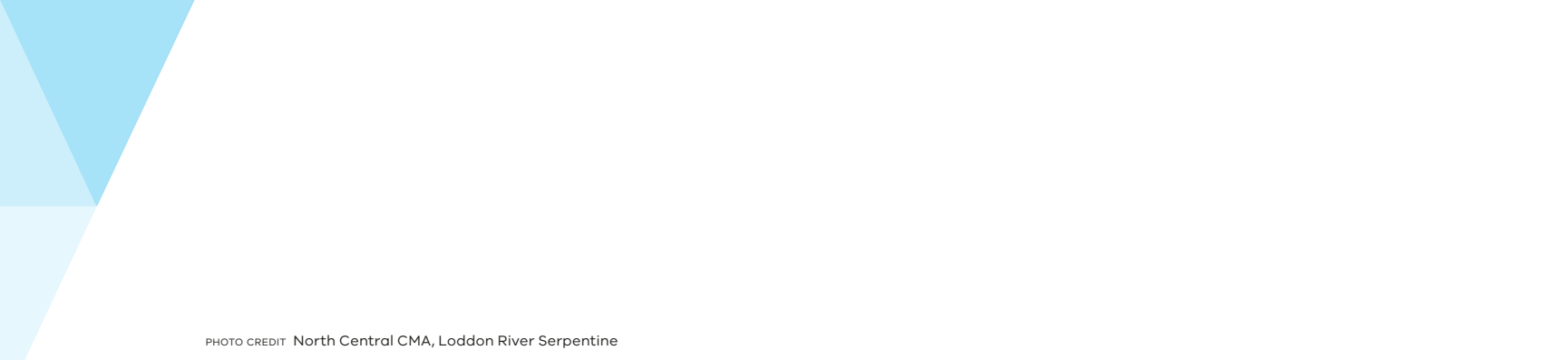


PHOTO CREDIT North Central CMA, Loddon River Serpentine



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PHOTO CREDIT South Gippsland Water

Part 3

Understanding the roles and responsibilities of the entity you are directing

Distinction between the Board's Role and the Entity's Role: Leadership vs Delivery

Boards set the organisation's objectives and performance targets and ensure alignment with relevant government policy and compliance with relevant legislation.

Corporate plans, business plans and entity policies are key mechanisms through which boards execute their responsibilities for strategic planning, influencing culture and championing good governance within your organisation.

The role of the board and its directors, and the role of the entity as managed by the managing director or chief executive officer, are distinct. As a director, you are responsible for the strategic planning of your entity, and you are not responsible for its day-to-day operations; that is the role of the managing director.

Your **board's role in governance** is to:

- focus on oversight, such as setting the direction
- monitor the overall performance outcomes and workplace culture of your entity
- ensure your entity fulfils its functions and objectives, as set out in the law or document that established it
- act in line with your Minister's priorities and directions, as per the law or document that established your entity
- maintain a productive relationship with your minister and portfolio department.

Governance is different to management. Management describes your entity's CEO and executive team and how they run and manage your entity's day-to-day work.

Your board monitors the CEO against key performance indicators. The CEO oversees and ensures management performs in line with the direction that your board has set.

[An overview of board governance](#)

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The Functions of Victoria's Water Entities

The Principal Body of Law Relating to Water in Victoria – *Water Act 1989*

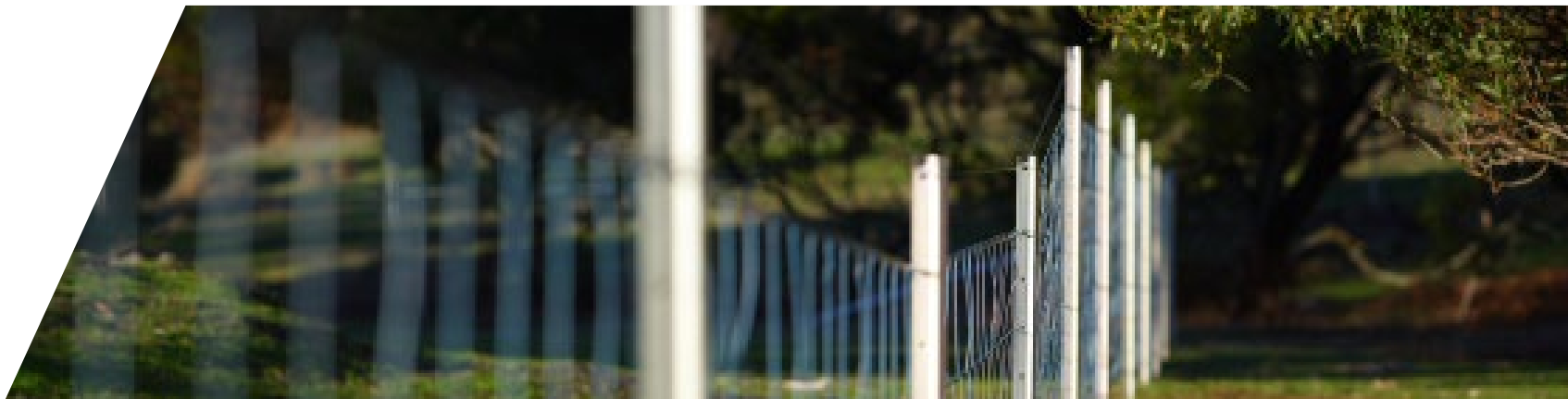
The [*Water Act 1989*](#) creates the principal body of Victorian law relating to water. The functions of the boards and entities created under this Act must be read in the context of the purpose of the Act itself. The purpose of the Water Act includes:

- providing for the integrated management of all elements of the terrestrial phase of the water cycle
- promoting the orderly, equitable and efficient use of water resources
- making sure that water resources are conserved and properly managed for sustainable use for the benefit of all Victorians, and
- maximising community involvement in making and implementing arrangements relating to the use, conservation or management of water resources.

Amongst other things, the [*Water Act 1989*](#):

- establishes the framework for the allocation and management of the state's water resources
- sets out the functions, powers and obligations of water entities with responsibilities for water supply irrigation and salinity mitigation, wastewater management, waterway management, regional drainage and floodplain management, and
- establishes governance arrangements for water corporations and the VEWH.

PHOTO CREDIT North Central CMA, fencing at Tylden



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Functions of Water Corporations

The core functions of water corporations are set out in the [Water Act 1989](#). These functions vary across the 18 water corporations depending on whether the corporation is an urban water corporation, a rural water corporation, a metropolitan water corporation or Melbourne Water. Collectively, across all water corporations, these functions may include, but are not limited to:

- water supply services
- wastewater services
- waterway management
- drainage (regional)
- floodplain management
- trade waste and related services
- irrigation
- licensing
- salinity mitigation services
- recreational area management
- asset management
- dam safety management
- water storage management
- water metering
- emergency management

PHOTO CREDIT South Gippsland Water



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Statements of Obligations

Under the [Water Industry Act 1994](#), which provides the framework for the economic regulation of the water sector, the Minister for Water has the power, after consultation with the Treasurer and the Essential Services Commission, to issue a SoO to one or a number of water corporations (Section 4I).

The purpose of the SoO is to specify the obligations of a water corporation in relation to the performance of its functions and the exercise of its powers. SoOs provide a means for a government to give force to government policy in a transparent way and to ensure that actions taken by the water corporation are included in the price review process. Traditionally, a SoO is updated or issued when a new government commences or there is a significant change in government policy. Currently there are three SoOs issued by the Minister.

- [Statement of Obligations \(General\)](#) applies to all water corporations and sets obligations relating to such matters as pricing submissions, board performance, customer and community engagement, planning, water services, and compliance.
- [Statement of Obligations \(Systems Management\)](#) applies only to the metropolitan water corporations and provides operating rules for the augmented Melbourne water supply system.
- [Statement of Obligations \(Emissions Reduction\)](#) relates to the reduction of greenhouse emissions.

PHOTO CREDIT Gippsland Water, Soil and Organics Recycling Facility



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Letter of Expectations

To help achieve the actions identified in Water for Victoria (see Part 3 of this Guide), the Minister for Water will also issue a Letter of Expectations (LoE) to help all 18 water corporations focus on seven general priority policy areas (with additional specific expectations for applicable entities):

- 1 Climate change and energy
- 2 Customer and community outcomes
- 3 Deliver water for Aboriginal cultural, spiritual and economic values , and support economic inclusion in the water sector
- 4 Recognise recreational values
- 5 Resilient and liveable cities and towns
- 6 Leadership, diversity and culture
- 7 Performance and financial sustainability

The first LoE was sent to water corporations in 2017 and the upcoming version will relate to the 2023-24 business planning year. Water corporations will be expected to monitor and report on each of the seven policy areas against their performance targets in their annual reporting processes.

Directions from the Minister

The Minister for Water has the power under the [Water Act 1989](#), after consultation with the Treasurer, to give a written direction to a water corporation. A water corporation must comply with a direction. A failure to comply is grounds for the Minister to appoint an administrator to carry out the functions of the water corporation. Such directions are rare in practice.

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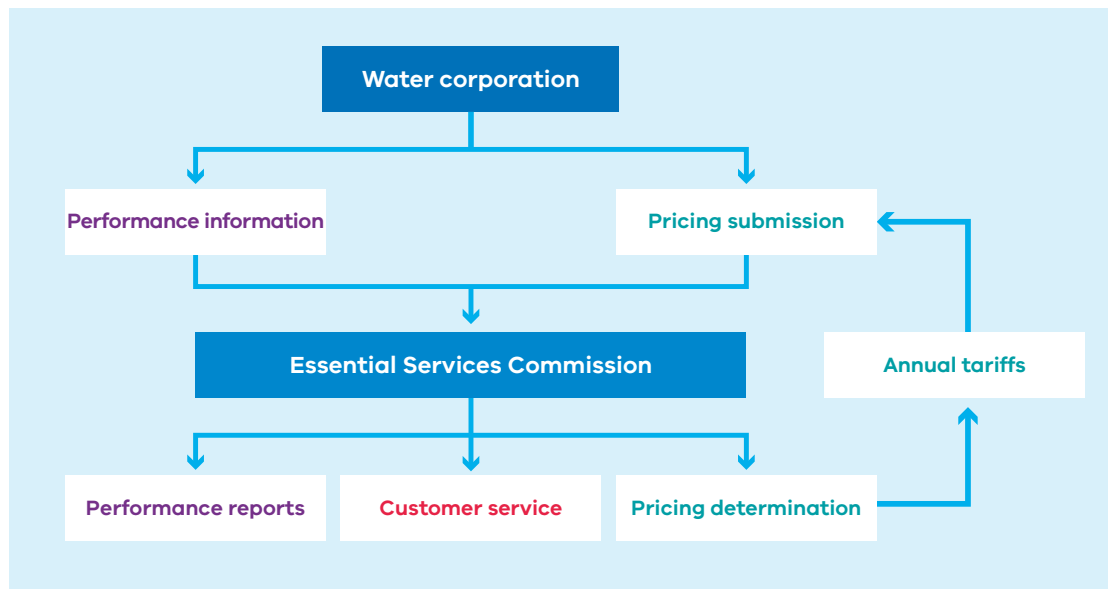
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Water prices and service standards – *Water Industry Act 1994*

The [Water Industry Act 1994](#) provides the framework for the economic regulation of the water sector. It establishes the [Essential Services Commission](#) (ESC) as the independent economic regulator of pricing and service standards for Victoria’s water sector. The ESC requires each water corporation to provide it with a [pricing submission](#) before the start of a pricing regulatory period. At each price review, the ESC requires a water corporation to engage extensively with its customers to identify what they value most. It must then demonstrate how customer views have been considered in its proposals. The ESC uses the PREMO water pricing framework to review prices submitted to it by water corporations. The framework focuses on five elements: performance, risk, engagement, management and outcomes which form the ‘[PREMO](#)’ acronym.

The [Statement of Obligations](#) (General) requires each water corporation to consult with the Minister for Water, DEECA, the Treasurer and other relevant agencies such as the Environmental Protection Authority (EPA) and the Department of Health (DH). A draft submission must also be submitted to these parties.

Figure 1 Pricing and performance regulatory framework



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Once a pricing submission has been made, the ESC will scrutinise the submission testing that the expenditure proposed is required and that it is efficient. The ESC will then publish draft decisions. If the ESC has sufficient confidence in the quality of a submission, this process will be fast-tracked.

The ESC will publish its final decision and determinations specifying the maximum prices that a water corporation may charge. The ESC considers any issues identified following its draft decision. It is up to the water corporation to manage its business to deliver the agreed outcomes within the price controls established in the price determination.

In addition to its standard regulatory activities, the ESC also conducts inquiries and studies to promote customers' long-term interests with respect to the price, quality and reliability of essential services.

PHOTO CREDIT Goulburn Broken CMA, fencing Crystal Brook Creek



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More information

Legislation

The [regulatory framework](#) that guides the [ESC's role and approach to price regulation](#) is set out in the [Essential Services Commission Act 2001](#) and [Water Industry Act 1994](#). The details are set out in the latest [Water Industry Regulatory Order \(WIRO\)](#).

Customer service codes

The ESC publishes [customer service codes](#) that urban and rural water corporations must comply with. This includes the creation of a customer service charter.

Decisions and determinations

The ESC publishes [decisions and determinations](#) outlining the maximum prices that water corporations can charge for water services.

Performance reports

The ESC publicly reports the performance of the Victorian water corporations that provide urban water services. The aim is to stimulate competition by comparison and to inform customers about service performance. The reports focus on key issues of customer bill levels and the quality and reliability of water and sewerage services.

Tariff approvals

The ESC [approves tariffs](#) for each business each year, consistent with the adjustment process set out in the price determination.

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Safe drinking water

In Victoria, the Department of Health (DH) plays an important role in safeguarding [drinking water](#) supplies and facilitating the safe use of alternative water supplies to protect and improve public health and wellbeing.

DH's [Water Program](#) helps protect people from chemical and microbial hazards in water by raising awareness, promoting health and wellbeing, informing state and national water policy and administering [drinking water legislation](#). [Drinking water guidance notes](#) have been developed by DH to assist in complying with the regulatory obligations. The guidance notes cover areas such as:

- risk management plan requirements
- drinking water sampling and analysis, and
- disclosure and reporting requirements.

Of critical importance to understanding a water corporation's obligations are the [Australian Drinking Water Guidelines](#). The Guidelines provide the basis for setting drinking water quality standards and managing drinking water supply systems. The Guidelines are the authoritative reference in Australia for the provision of safe drinking water and for meeting a water corporation's obligations under the *Safe Drinking Water Act 2003*.

DH also provides advice about the potential health effects of harmful algal blooms; however, state-wide coordination of [blue-green algae](#) management is the responsibility of DEECA. Water corporations must monitor blue-green algae levels and report them to DEECA (as outlined in the [annual blue-green algae circular](#)).

The Minister for Health tables in Parliament an [annual report](#) on Victoria's drinking water quality performance. Each water corporation also produces an annual report on the quality of the drinking water supplied during the reporting period. These reports are available on water corporation websites.

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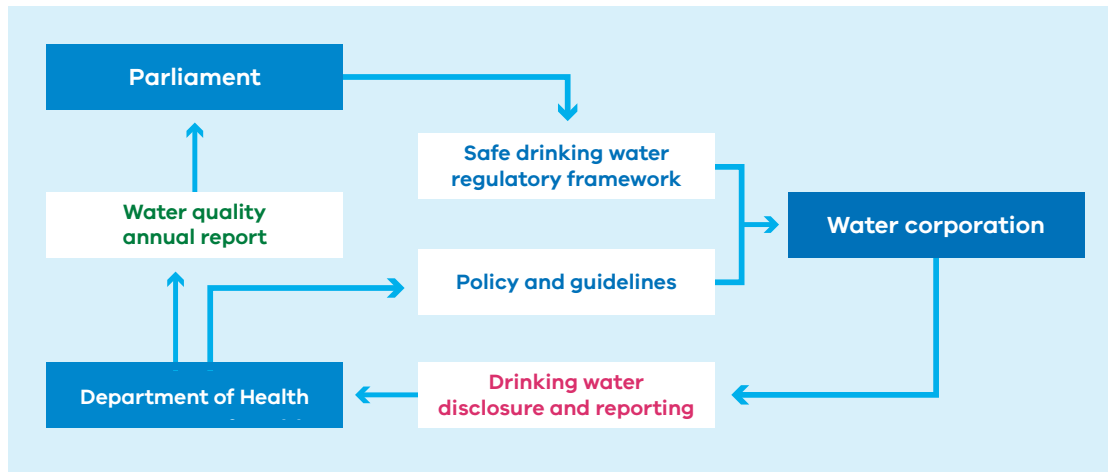
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Figure 2 Safe drinking water governance framework



More information

Safe Drinking Water Act 2003

Sets out the regulatory framework. It imposes obligations on water corporations that supply drinking water or other declared types of potable water (water suppliers), and that manage water storage that supply water suppliers.

Safe Drinking Water Regulations 2015

Sets out the required content of risk management plans and provides detail of the water quality standards that must be met and water quality annual reporting requirements

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Regulation and compliance of water theft

Water corporations are responsible for undertaking compliance and enforcement in relation to water theft, which is needed to maintain the integrity of the water market and protect other users and the environment from harm. In addition to these harms, inadequate focus on compliance can result in loss of public confidence in water management.

Environmental protection

The [Environment Protection Authority's](#) (EPA) role is to be an effective environmental regulator and an influential authority on impacts on the environment. Within the water sector, the EPA has an important role in the regulation of the discharge of [wastewater](#). Water corporation boards and directors have a responsibility to protect the environment from their operations.

Water corporations are required to seek approval from the EPA for the installation of plant and equipment that, when operated, would result in the discharge of waste to the environment, a change to an existing discharge, or a change in the way waste is treated or stored. The [EPA works approvals](#) reduce the risk of industrial projects causing pollution issues and requiring expensive retrofitting.

An [EPA licence](#) is required for all sewage treatment plants that treat more than 5,000 litres per day. Licences have standard conditions that aim to control the operation of the premise so there is no adverse effect on the environment. Conditions may also address waste acceptance and treatment, air and water discharges, noise and odour.

An EPA licence held by a water corporation may include:

- a joint public commitment by the EPA and a water corporation to increase sustainability of the water corporation
- performance requirements
- regular monitoring of wastewater, and
- annual reporting of compliance with licence requirements.

The EPA also supports water corporations in the development of their pricing submissions to the ESC.

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Legislation and policies

The EPA enabling act is the *Environment Protection Act 1970*, as well as State Environment Protection Policies (SEPPs) and Waste Management Policies (WMPs). These allow the EPA to perform its [role and responsibilities](#).

Licence management

The [EPA has guidance materials](#) to help licence holders interpret conditions, develop an adequate monitoring plan and report.

Your Organisation's Environmental Responsibility

[Leadership actions for company directors and officers](#): helps guide Boards and senior management to understand their environmental obligations in operating a business.

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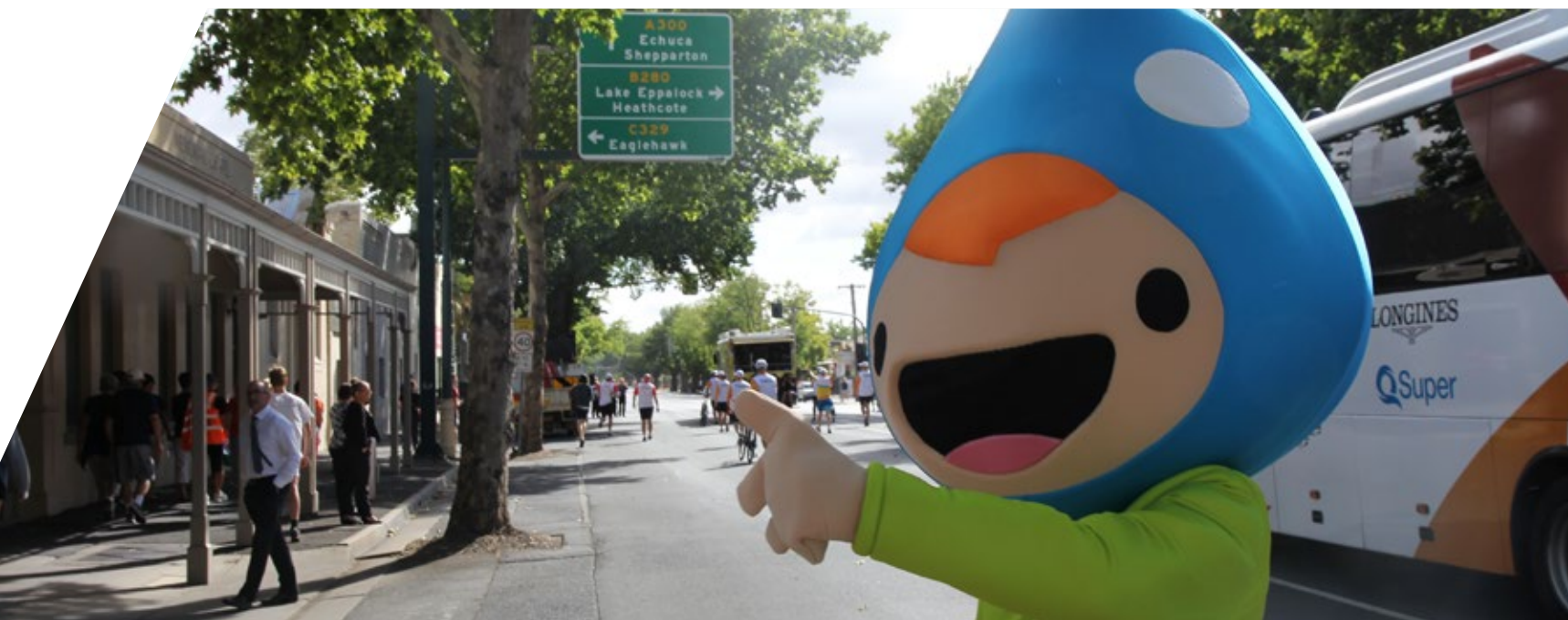
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PHOTO CREDIT Coliban Water



Dispute resolution scheme for disputes with customers

The [Energy and Water Ombudsman \(Victoria\)](#) (EWOV) is an industry-based external dispute resolution service that deals with conflicts between water corporations and their customers. It is independent from the government, does not report to the Minister for Water and is not affiliated with the Victorian Ombudsman.

Under the [customer service codes](#) issued by the ESC, a water corporation must have a complaint escalation process that provides its customers with information about referral to EWOV. Anyone that is directly impacted by the actions of a water corporation may make a complaint. Complaints can be about billing arrangements, payment difficulties, connection and provision of services, marketing and activities that may affect a customer's land.

More information

Scheme participants

The EWOV can only receive complaints about [companies that are members of EWOV](#).

EWOV governance and structure

Also provides information about [which issues can and cannot be investigated](#).

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Victoria's 18 water corporations

There is a total of 18 water corporations in Victoria. Fifteen of these water corporations provide water supply (including recycled water) and sewage and trade waste disposal services to urban customers throughout Victoria.

In regional Victoria these are:

- [Barwon Water](#)
- [Central Highlands Water](#)
- [Coliban Water](#)
- [East Gippsland Water](#)
- [Gippsland Water](#)
- [Goulburn Valley Water](#)
- [Grampians Wimmera Mallee Water](#)
- [Lower Murray Water](#)
- [North East Water](#)
- [South Gippsland Water](#)
- [Wannon Water](#)
- [Westernport Water](#)

In Melbourne these are:

- Greater Western Water
- Melbourne Water
- [South East Water](#)
- [Yarra Valley Water](#)

Four water corporations provide rural water services, which comprise the delivery of water for irrigation, domestic and stock purposes and associated drainage, and salinity mitigation services. They also supply water to customers by agreement.

These are:

- [Goulburn-Murray Water](#)
- [Grampians Wimmera Mallee Water](#)
- [Lower Murray Water](#)
- [Southern Rural Water](#)

In addition, Southern Rural Water, Goulburn-Murray Water and Grampians Wimmera Mallee Water operate the major dams in their regions, issue licences for groundwater and river diverters, and provide bulk water supply services to other water corporations in regional Victoria. These water corporations are also responsible for overseeing compliance of water entitlement holders within their regions.

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[Melbourne Water Corporation](#) provides bulk water and bulk sewerage services to water corporations in the Melbourne metropolitan and surrounding area. It is also designated with specific responsibility for the management of waterways in the Port Phillip and Westernport region. It also supplies recycled water to retail water corporations, for irrigation and other purposes.

To find which areas are supplied by which water corporation, use the [Water in your region interactive map](#).

In 2021-22, Victoria’s water corporations were collectively responsible for:

- providing water services to approximately 3.0 million customers
- supplying approximately 4,000 GL of water
- directly employing around 6,300 staff
- collecting approximately \$6.4 billion in revenue, and
- spending \$1.8 billion on capital works.

PHOTO CREDIT Lower Murray Water



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Functions of Catchment Management Authorities

Catchment and Land Protection Act 1994

The purposes of the CaLP Act include:

- to set up a framework for the integrated management and protection of catchments, and
- to encourage community participation in the management of land and water resources.

Amongst other things, the CALP Act:

- establishes the framework for the integrated management and protection of catchments
- sets out the functions and powers of CMAs in addition to CMA functions contained in the Water Act 1989, and
- establishes CMAs and sets out their governance arrangements.

The CaLP Act is currently jointly and severally administered by the Minister for Water, the Minister for Environment and the Minister for Climate Action. The Minister for Water is the lead minister for the Act.

CMAs are established under the CaLP Act and have functions and powers under that Act:

- to prepare a regional catchment strategy for the region and to co-ordinate and monitor its implementation
- to prepare special area plans for areas in the region, and to co-ordinate and monitor their implementation
- to promote the co-operation of persons and bodies involved in the management of land and water resources in the region, in preparing and implementing the strategy and special area plans
- to provide advice to the Minister, and if requested by any other Minister
- to promote community awareness and understanding of the importance of land and water resources, their sustainable use, conservation and rehabilitation
- to make recommendations to the Minister about funding of the implementation of the regional catchment strategy and any special area plan
- to make recommendations to the Minister and the Secretary about actions to be taken on Crown land managed by the Secretary to prevent land degradation
- to advise the Minister and provide information to the Minister on any matter referred to it by the Minister.

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[Water Act 1989](#)

Victorian CMAs also have functions and powers under Part 10 (Waterway Management) of the [Water Act 1989](#). Melbourne Water now has these responsibilities in the Port Philip and Westernport region, following Port Phillip and Westernport CMA's integration into Melbourne Water on 1 January 2022.

A CMA with responsibilities under the [Water Act 1989](#) has waterway management, regional drainage and floodplain management functions. CMAs are essentially the “caretakers of waterway health”.

CMAs must prepare a regional waterway strategy for their waterway management district. The strategy must include plans and priorities for performing the CMA's functions, and a program of actions for implementing those plans and priorities. In preparing a regional waterway strategy, a CMA must take into account (section 190), (i) social and recreational uses and values of waterways within its waterway management district; and (ii) Aboriginal cultural values and uses of waterways and other cultural values and uses of waterways within its waterway management district.

Under the [Water Act 1989](#) (section 189), in relation to waterway and floodplain management, a CMA must consider opportunities to provide for Aboriginal cultural values and uses of waterways, social and recreational uses, values of waterways and addition to environmental and economic values.

Statement of Obligations

The Minister for Water issued [two statements of obligations](#) to CMAs (as at time of publishing):

- Statement of Obligation for Catchment Management Authorities 5 January 2018 (Section 19E of the [CaLP Act](#)), and
- Statement of Obligation for Catchment Management Authorities 5 January 2018 (Section 186A of the [Water Act 1989](#)).

Under both the [Water Act 1989](#) and [CaLP Act](#) SoO, CMAs are expected to recognise the importance of operating to the highest standards of public sector governance and performance in order to deliver outcomes of government, the environment and Victorian communities.

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Letter of Expectation

Each LoE for an entity sets out the Minister’s priority policy areas and expectations in accordance with Water for Victoria.

Ministerial Directions

The Minister responsible for the [CaLP Act](#) has the power under the [CaLP Act](#) (section 19A) to give a written direction to a CMA in relation to the performance of its functions or the exercise of its powers under that Act.

The [Water Act 1989](#) (section 307) gives the Minister for Water the power to give a direction to “an Authority”, which includes CMAs. This direction may relate to the performance of the CMA’s functions or the exercise of its powers under that Act. A CMA must comply with such directions. The issuing of such directions is rare.

PHOTO CREDIT Coliban Water



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Victoria's Nine Catchment Management Authorities

The nine CMAs created under the [CALP Act](#) are:

Corangamite	www.ccma.vic.gov.au
East Gippsland	www.egcma.com.au
Glenelg Hopkins	www.ghcma.vic.gov.au
Goulburn Broken	www.gbcma.vic.gov.au
Mallee	www.malleecma.com.au
North Central	www.nccma.vic.gov.au
North East	www.necma.vic.gov.au
West Gippsland	www.wgcma.vic.gov.au
Wimmera	www.wcma.vic.gov.au

PHOTO CREDIT Corangamite CMA, revegetation in Pennyroyal



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Functions of the Birrarung Council

The [Yarra River Protection \(Wilip-gin Birrarung murrong\) Act 2017](#) enables, for the first time in Australia's history, a river to be legally understood as a living system. 'Wilip-gin Birrarung murrong' translates as 'keep the Birrarung alive' in Woi-wurrung, the traditional language of the Wurundjeri Woi-wurrung people. Woi-wurrung was used in recognition of the Traditional Owners' custodianship of the river and their unique connection to the lands through which the river flows.

The Birrarung has now become one of a small number of rivers around the world that are recognised in law as living entities.

The Yarra Protection Act recognises the Traditional Owners as the custodians of the Birrarung. It requires council membership to include at least 2 Traditional Owner representatives, nominated by the Wurundjeri Tribe Land and Compensation Cultural Heritage Council as well as community and skills-based members. Council members work together to support the protection of Country.

The Council advises the Minister for Water and advocates for the protection and wellbeing of the Birrarung. It is independent of the public entities that manage the river.

Functions of the Victorian Environmental Water Holder

The [Water Act 1989](#) does not distinguish between a VEWH board and a VEWH entity: the VEWH is the entity. For more information about the functions of the VEWH, see [Part 2](#) above.

Directions from the Minister – Ministerial Rules

In 2014, the Minister for Water issued Ministerial Rules relating to the VEWH under Section 33DZA of the [Water Act 1989](#). Those rules cover requirements in relation to:

- entitlements in water holdings and trade
- reporting and risk management
- preparing and varying seasonal watering plans and statements, and
- stakeholder management and consultation.

The Administrative Responsibilities of Water Entities

Table 3 Reporting requirements for water entities

Summary table of reporting requirements

REPORTING REQUIREMENT	WATER CORPORATIONS	CMAS	VEWH
Submit corporate plans to Minister for Water	Yes	Yes	Yes
Submit corporate plan to the Treasurer	Yes	No	No
Submit annual reports to Minister for Water	Yes	Yes	Yes
Victorian Auditor-General Office audits annual report financial statements	Yes	Yes	Yes
Essential Services Commission requires annual reporting	Yes	No	No
Submit quarterly progress reports to Minister for Water	Yes (and to Treasurer)	No	No

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Corporate plans

As part of their regular reporting cycle water entities are required to submit corporate plans:

- water corporations are required to submit corporate plans that provide a statement of corporate intent, a business plan and financial statements (sections 247 and 248 of the [Water Act 1989](#))
- CMAs are required to submit corporate plans that provide a statement of corporate intent, a business plan and financial statements (Sections 19C and 19D of the [CaLP Act](#))
- the VEWH is required to submit a corporate plan (Section 33DV of the [Water Act 1989](#)) that provides a statement of corporate intent, a business plan and financial statements, and
- the Minister and Treasurer may jointly issue further guidelines on the content of the corporate plan.

The corporate plan includes a statement of corporate intent that proposes the organisation's:

- vision and mission statements
- business objectives and main undertakings
- strategic nature and scope of activities
- performance targets
- details of major initiatives and capital projects, and
- financial forecasts.

The Corporate Plan is approved by the entity board.

The review process for water corporations' corporate plans

Water corporations are required to submit their corporate plan for review to their respective ministers and the Treasurer at least two months before implementation of the plan. Plans are reviewed to examine their alignment with government policy and wider government objectives, and the potential for financial risk and implications for the government's overall financial position.

After the corporate plan is submitted by the water corporation for approval, the ministers and the Treasurer have two months to provide comments, after which it is deemed to be approved. If there are comments, these will be provided in writing to the entity.

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Progress reporting for water corporations against corporate plans

Water corporations must provide quarterly updates to their portfolio minister and the Treasurer on how their corporate plans are being implemented. Progress reporting against corporate plans is also required in annual reports. These reports are reviewed by each of the relevant departments.

As part of these reviews, the Minister and Treasurer will review how each water corporation is operationally and financially progressing with its strategic direction and proposed activities against its current corporate plan.

Annual reports

The annual report is the principal mechanism through which public sector agencies report their performance over the previous financial year. The annual report helps water entities discharge their accountability to Parliament, government and the people of Victoria. The Assistant Treasurer may issue [Standing Directions](#) setting out requirements for annual reports.

As part of their regular reporting cycle, water entities are required to table annual reports outlining the organisation's operational and financial activities for the year according to the following provisions:

CMAs	Section 19B of the CaLP Act and Part 7 of the Financial Management Act 1994
Water corporations	Part 6 of the Water Act and Part 7 of the Financial Management Act 1994 , and
VEWH	Section 33DS of the Water Act and Part 7 of the Financial Management Act 1994 .

PHOTO CREDIT South Gippsland Water



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The Victorian Auditor-General audits the financial statements in the annual report for water entities before the Minister for Water tables the report in Parliament. The Victorian Auditor-General's Office (VAGO) must audit water corporation's financial statements, and VEWH and CMA annual reports by a set date each year before the Minister can table the reports in Parliament.

VAGO also tables an annual audit of the financial and performance of water corporations, CMAs and the VEWH in the Parliament. The organisation and DEECA participate in the audit and VAGO will examine if and how the previous year's recommendations have been implemented.

Other agencies such as the EPA and ESC may also have annual reporting requirements for water corporations.

To ensure the Ministers and Treasurer are kept up to date with the activities of each organisation, water corporations are required to submit quarterly and half-yearly progress reports. CMAs are required to submit half-yearly progress reports to their respective Minister. Overall, public entities generally face higher transparency and reporting requirements than private sector organisations or businesses.

Continuous disclosure

If a water corporation or CMA is not going to achieve an objective of its corporate plan, it must notify the Minister for Water, and for water corporations only, the Treasurer, as soon as it becomes aware and explain why.

Quarterly reporting and continuous disclosure requirements are designed to ensure a regular flow of information between the organisation and relevant departments, and that relevant portfolio Ministers and the Treasurer are kept fully informed of the organisation's performance and significant issues as they arise.

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Emergency management

Management of emergency risks is a key responsibility of the Victorian Government. It is a shared responsibility managed by partnership between government departments and agencies, non-government organisations, the private sector and communities.

Victoria's current emergency management arrangements are set out in the [Emergency Management Act 1986](#) and the [Emergency Management Act 2013](#). They are supported by the Emergency Management Manual Victoria (EMMV) and other regulatory instruments. These documents together establish the "all communities, all emergencies" approach underpinning Victoria's emergency management arrangements. They provide the framework for agencies to come together to help prevent, prepare for, respond to and recover from emergencies to achieve safer and more resilient communities. These arrangements cover, among other things:

- [disruption to water and wastewater](#) where the Emergency Notification and Response Protocol between DEECA and water corporations is part of the emergency management response arrangements between DEECA and the broader water sector
- [dam safety](#) where under its Statement of Obligations, a water corporation must also comply with a number of [dam safety obligations](#), such as reviewing and immediately rectifying any dam deficiencies and being prepared to manage dam safety incidents
- flooding
- blue green algae, and
- hazardous pollution of inland water.

Regulations and ministerial guidelines are also available in the [Emergency Management Manual Victoria](#).

Under its Statement of Obligations, a water corporation must comply with emergency management obligations involving the development of emergency management plans for all hazards and that these plans are exercised and tested.

Critical Infrastructure Resilience

The [Critical Infrastructure Resilience Strategy](#) prioritises and sets out management arrangements of critical infrastructure for essential service providers. The Strategy identifies and addresses eight critical infrastructure sectors: banking and finance, communications, energy, food supply, government, health, transport and water. Owners and operators of critical infrastructure designated as 'vital' are required to comply with mandatory obligations under the *Emergency Management Act*, including undertaking four activities within a Resilience Improvement Cycle: emergency risk management planning, exercising, audits and assurance reporting. Regulations provide minimum standards for requirements under the legislation.

Business cases

Water corporations are also required under the [Department of Treasury and Finance \(DTF\) Investment Lifecycle Guidelines](#) to include a [business case](#) for capital investment proposals in the corporate plan if the proposal is over a specified value. Threshold values have been set at \$10M, \$20M or \$50M depending on the size of the water corporation. The Minister for Water or Treasurer may also request the submission of a business case where the proposed project is of particular interest. If a business case is classified as [high value high risk](#) it will be required to undergo a compulsory [Gateway review](#).

Where a business case is required, the Treasurer and Minister for Water will consider a range of matters, including:

- the financial viability of the capital investment proposal
- the overall strategic direction of the proposal and alignment with the Victorian Government's water policy
- the costs and benefits of the proposal and its ability to achieve a commercial return, and
- any risks and proposed mitigation strategies, as well as proposed governance arrangements.

Water corporations are encouraged to consult with DTF and DEECA early in the development cycle. Final business cases must be endorsed by the board and, where relevant, the Minister for Water, prior to being submitted to the Treasurer for approval.

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Broader Compliance Responsibilities

Water entities are subject to a broad range of compliance obligations. Whilst there are too many to cover in this guide, recent obligations that water entities have been required to comply with and which may require more attention from leadership include:

- Victorian Government Purchasing Board (VGPB)–The VGPB expansion took effect from 1 July 2021. Water corporations, catchment management authorities and the VEWH were [required to align with VGPB policies by 30 June 2022](#)
- [Social Procurement Framework \(SPF\)](#) – The SPF aims to ensure value-for-money considerations are not solely focused on price, but also encompass opportunities to deliver social and sustainable outcomes that benefit the Victorian community. Considers/covers/encompasses sustainable Victorian social enterprise and Aboriginal business sectors, environmentally sustainable outputs and environmentally sustainable business practices. <https://www.buyingfor.vic.gov.au/social-procurement-victorian-government-approach>

[Gender Equality Act](#) – any Victorian government entity with more than 50 employees is required to develop and implement a Gender Equality Action Plan which includes a workplace gender audit for public reporting.

A list of obligations by category and new or amended obligations since 2017-18 are listed as appendices at the end of this Guide.

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The Victorian Policy Framework

Water for Victoria

In October 2016, the Victorian Government released [Water for Victoria](#), which outlines Victoria’s long-term plan for managing water. This plan gives instructions on managing Victoria’s water resources, supporting a healthy environment, and maintaining a prosperous economy and thriving communities.

Water for Victoria provides a blueprint for investment in water-related activities and the water sector, as well as brings attention to some issues previously not considered beyond the local level, including Aboriginal values of water, recreational values of water and community expectations.

Water entities have a key role in delivering many of the actions in *Water for Victoria*. The Victorian Government has invested \$537 million over four years to deliver *Water for Victoria*, including \$222 million for the health of waterways and catchments, \$58 million for rural water systems and \$25 million for flood and emergency preparations.

Water for Victoria sets out 69 actions under nine themes:

- | | | |
|---------------------------------|--|--|
| 1 Climate change | 4 Resilient and liveable cities and towns | 7 Water entitlements and planning |
| 2 Waterway and catchment health | 5 Recognising and managing for Aboriginal values | 8 Realising the potential of Victoria’s water grid and water markets |
| 3 Water for agriculture | 6 Recognising recreational values | 9 Jobs, economy and innovation |

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Catchment management framework

Our Catchments Our Communities is the first state-level strategy for integrated catchment management in Victoria. Integrated catchment management is the coordinated management of land, water and biodiversity resources based on catchment areas, and incorporates environmental, economic and social considerations. This approach seeks to ensure the long-term viability of natural resource systems and human needs across current and future generations. It aims to:

- maintain or improve the quality of water resources and the condition of waterways
- prevent or reverse land degradation
- conserve, protect and build the resilience of natural ecosystems
- minimise damage to public and private assets from flooding and erosion
- minimise the economic and environmental impacts of pest plants and animals, and
- provide a holistic approach to achieve multiple catchment management objectives.

Our Catchments Our Communities focusses on enabling catchment management partners to work together more effectively. The CMAs' core role is planning and coordinating the integrated management of catchments, but many organisations and groups are essential partners in achieving integrated catchment management outcomes. These include local governments, water corporations, the VEWH, educational and research institutions, agricultural and industry organisations, Traditional Owners, Parks Victoria, Landcare, Waterwatch and other community groups and individual people who care about natural resources and their management.

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Water is Life: Traditional Owner Access to Water Roadmap

[Water is Life: Traditional Owner Access to Water Roadmap](#) was published in November 2022 to provide an important framework to create and maintain a careful and considered balance between Traditional Owner self-determination in water access and management, and the rights and entitlements of a range of stakeholders.

Water is Life represents actual and symbolic respect for the importance of Aboriginal connections to Country. Caring for Country and water can deliver thriving cultural economies and benefits for Traditional Owners, existing entitlement holders, and all Victorians.

Currently, Traditional Owners hold less than 0.2 per cent of all water access entitlements in Victoria. It is time to recognise that their communities have thrived here for thousands of years and honour their relationship with land and water.

Water is Life is a key deliverable from Water for Victoria, a policy that was developed by working with communities around Victoria to understand what they wanted to see from a future of a sustainable and secure water supply. In addition, in 2019, legislation was passed to enshrine Aboriginal cultural values and knowledge in water and catchment management into law for the first time and to include Traditional Owners in these processes.

Water is Life proposes a series of actions the government will take in partnership with the water sector, existing water users and Traditional Owners to increase Traditional Owner management of and access to water and management of water landscapes.

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Impacts of *Water is Life*

This work does not change the existing statutory responsibilities of existing water agencies, nor the requirements for agencies to consult with community when making decisions. Victoria's existing environmental water and waterway management frameworks have been developed with communities over the past 25 years and are delivered through regional partnerships between the VEWH and CMAs.

There will continue to be an essential role for the VEWH and CMAs as state agencies delivering environmental water and waterway management.

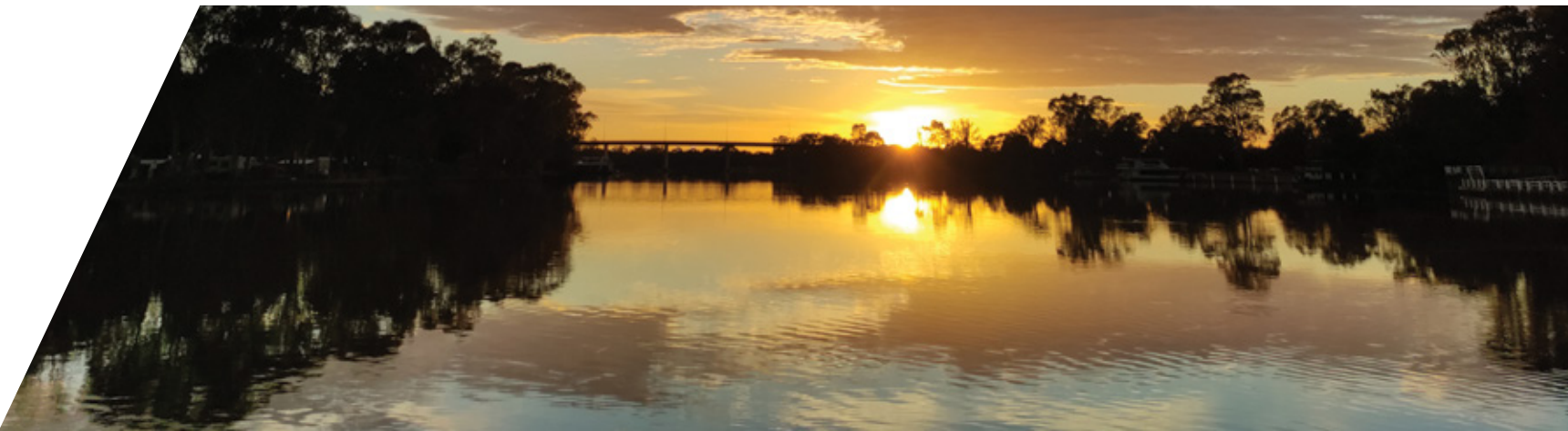
Aboriginal water access through *Water is Life* will not affect existing water entitlements or allocations nor does it propose to change permissible consumptive volumes or diversion limits – that is, the volume of water that can be removed from rivers and aquifers. It does not propose to change or buyback existing entitlements, and the Victorian Government's support for regional communities and to minimise negative socio-economic impacts of the Basin Plan has not changed.

Water shares or licences held by Traditional Owner organisations are subject to the same rules and rights as when they are held by farmers.

Water is Life proposes a process that may lead to the recognition of Traditional Owners as waterway managers for specific functions in certain locations. As this role increases, further barriers to self-determination will be identified and addressed.

Any potential future legislative changes will involve engagement with Traditional Owners, water users, wider stakeholders and the community.

PHOTO CREDIT Erin O'Donnell



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The National Policy Framework

Intergovernmental Agreements

In 1993, the former Council of Australian Governments (COAG), now known as the [National Cabinet](#) commissioned the preparation of a strategic framework for the efficient and sustainable reform of the water sector. *The National Competition Policy and the Strategic Framework* drove reform throughout the 1990s. The Framework promoted the importance of:

- ecologically sustainable development, with specific provision of water for the environment and an integrated catchment management approach to water resource management
- water markets to direct water at high value uses
- water service providers to operate on commercial principles, and
- clear roles and responsibilities, and institutional separation of policy, resource allocation and regulation from service provision.

The reform effort was reinvigorated in 2004 with the endorsement of the National Water Initiative.

The National Water Initiative

A national approach to best practice water planning and management was formalised in 2004 when the Commonwealth Government and all state and territory governments signed the intergovernmental agreement [National Water Initiative](#) (NWI). Described as ‘Australia’s enduring blueprint for water reform’, the NWI represents a shared commitment by governments to increase the efficiency of Australia’s water use, leading to greater water productivity, certainty for investment for rural and urban communities, and better outcomes for the environment.

The overall objective of the NWI, in addition to the above, is to underpin the capacity of Australia’s water management regimes to deal with change responsively and fairly.

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COAG's Water Reform Work Program was based on the NWI and had four main themes:

- 1 addressing over-allocation and achieving environmental outcomes
- 2 enhancing water markets
- 3 urban water reforms
- 4 water information and capacity building

The [Productivity Commission](#) is responsible for auditing and reviewing the functions under the NWI, including a triennial assessment of the initiatives. The Productivity Commission's [final report](#) into Australia's progress towards reforming the water resources sector commissioned by the Commonwealth Government in May 2020 was released in September 2021.

The Productivity Commission found that progress has been made against the NWI reform agenda including lowered average water use by households, more efficient use by industry and enabled stakeholders to better adapt to uncertainty.

The Report also found that through national reforms such as consistent water planning arrangements by states and territories, and the creation of water trading markets, pathways had been established to create a more sustainable balance between consumptive and environmental uses, noting that water access and reliability remains a concern for some rural and regional communities during drought conditions. The Productivity Commission also noted that all jurisdictions can continue to improve the scale and quality of their engagement with communities and Aboriginal and Torres Strait Islander peoples.

States and territory governments are responsible for the implementation of the Productivity Commission's recommendations, At the time of publishing updates to this Guide, the renewal of the NWI had not been considered by National Cabinet.

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The Murray-Darling Basin and Commonwealth Water Act 2007

There is a long history of intergovernmental agreement relating to the shared management of the resources of the Murray-Darling Basin (MDB). In January 2005, the Federal Government published *A National Plan for Water Security* in response to the *Wentworth Group of Concerned Scientists Blueprint for a Living Continent* released in November 2002.

The National Plan for Water Security foreshadowed a far more proactive role for the Commonwealth in water resource management. The Commonwealth passed the [Water Act 2007](#) (Cth) in part through powers conferred by relevant state and territory governments.

The Water Act 2007 (Cth) establishes and regulates the activities of the MDB Authority and sets out what must be included in the [MDB Plan](#) and the water resource plans prepared by member states. It also confers special responsibilities on the Australian Competition and Consumer Commission (ACCC), Productivity Commission and the Bureau of Meteorology (BoM). The [ACCC has six functions in relation to water charges and water market rules](#), the [Productivity Commission is responsible for reviewing the effectiveness of the MDB Plan and water resource plans](#), and [BoM has functions in relation to water information](#).

The MDB Agreement (2008), MDB Plan (2012) and the Intergovernmental Agreement on Implementing Water Reform in the MDB (2013) outline the roles for Commonwealth, state and territory agencies in the management of water resources within the MDB.

The MDB Agreement sets out the water sharing arrangements for the Murray River system and the framework for managing severe drought. The MDB Plan, amongst other things, sets limits on the amount of water that can be extracted from the Basin.

The [Murray-Darling Basin Authority](#) (MDBA) is the Commonwealth agency that prepares the MDB Plan for adoption by the relevant Commonwealth minister. The MDBA also advises the Victorian Minister for Water on the accreditation of state water resource plans under the MDB Plan. The MDBA is also responsible for operational arrangements for delivering state water shares and for other jointly funded activities of the Basin states and the Commonwealth.

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The National Landcare Program

The National Landcare Program is part of the Australian Government's commitment to protect and conserve Australia's water, soil, plants, animals and ecosystems, as well as support the productive and sustainable use of these valuable resources. In the National Landcare Program Phase One, the Australian Government invested \$1 billion from July 2014 to June 2018 to continue delivering on-ground biodiversity and sustainable agriculture outcomes for the community and environment. The Australian Government is investing approximately \$1 billion over five years from July 2018 to June 2023, to continue the National Landcare Program into Phase Two.

PHOTO CREDIT North Central CMA Landcare



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The water allocation framework

In Victoria, the Crown retains the overall right to the use, flow and control of all water in a waterway and all groundwater on behalf of Victorians. The Minister for Water is responsible for putting in place statewide water resource assessment programs and long-term planning for the use and allocation of water.

The [Water Act 1989](#) confers rights on certain persons to take and use water from a waterway or a bore for domestic and stock purposes. Occupiers of land also have a right to collect and use water in a non-waterway farm-dam for domestic and stock purposes. These rights are known as “Section 8 rights”.

If a person does not have such a right, they must obtain an entitlement to take and use water from a waterway, a bore or the works of a water corporation. The Act spells out the matters that must be considered before an entitlement is issued so that rivers and aquifers remain healthy and other users are not adversely affected.

The Minister has delegated the management of entitlements to Melbourne Water and the five rural water corporations: Goulburn-Murray Water, Southern Rural Water, Grampians Wimmera Mallee Water, Coliban Water, and Lower Murray Water. These delegates are responsible for compliance and enforcement actions which may include education campaigns, warnings and formal responses such as compliance notices and prosecutions. The enforcement of laws under the [Water Act 1989](#), as amended from time to time, is a key role of water corporations.

Water corporations are also responsible for urban water and rural water planning within their regions, including planning for water shortages.

Bulk Entitlements

[Bulk entitlements](#) (BEs) are held by water corporations to supply water to towns and cities and to persons under agreements. They can also be held by other bodies specified in the Act, such as power generation companies.

BEs contain conditions, such as obligations relating to the release of environmental and passing water flows, metering, monitoring and reporting.

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Environmental entitlements

[Environmental entitlements](#) are held by the VEWH and must be used for environmental purposes. They are legal rights to take and use water granted under the [Water Act 1989](#) for the purpose of maintaining an Environmental Water Reserve or improving the environmental values and health of the water ecosystems and other users that depend on environmental condition.

Water Shares

The [Water Act 1989](#) was amended in 2006 to convert water rights within a declared water system into water shares. Since this time, all water rights within irrigation districts have been converted, as have most licences that allow the take and use of water (section 51 licences) within declared water systems. Some section 51 licences remain for special purposes, such as fish farms.

Most declared water systems are in Northern Victoria and within the Murray Darling Basin.

A holder of a water share was also issued a water use licence or water use registration and a holder within an irrigation district was provided with a right to have the water delivered at the same rate they had previously enjoyed.

This reform is referred to as the unbundling of water rights. It gave irrigators greater security and flexibility and formalised the ability of water corporations to manage the impacts of irrigation on land.

The taking of water from declared water systems is capped and irrigators must obtain additional water by purchasing it from the water market.

Section 51 licences

A licence is required under the [Water Act 1989](#) for the taking and use of groundwater or water from a waterway or dam in a “non-declared water system”, unless the person has a “[section 8](#)” continuation of private right, or has a Traditional Owner's right under [section 8A](#). Rural water corporations and Melbourne Water issue and manage surface water licences and rural water corporations issue and manage groundwater licences.

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Section 67 licences

A works licence may be required under the [Water Act 1989](#) to construct, alter, operate or decommission a dam, or to pump groundwater or water from a waterway. Rural water corporations and Melbourne Water issue and manage works licences for dams and pumping from waterways; rural water corporations issue and manage licences relating to bores.

A works licence typically specifies the rate at which water can be pumped or taken (known as an extraction share) and allows for restrictions to be imposed in times of water shortage. Works licences for larger dams include, amongst other things, obligations relating to the safety of the dam.

More information on the entitlements framework

Water Entitlement and Trade

[Bulk and environmental entitlements.](#)

Victorian Water Register

[A public register of water-related entitlements in Victoria, including information and statistics on water entitlements, copies of entitlement records and information about carryover.](#)

Water resource reports

[Includes the monthly water report and data from a range of monitoring programs.](#)

Water Act 1989

[Governs water entitlements and establishes the mechanisms for managing Victoria's water resources.](#)

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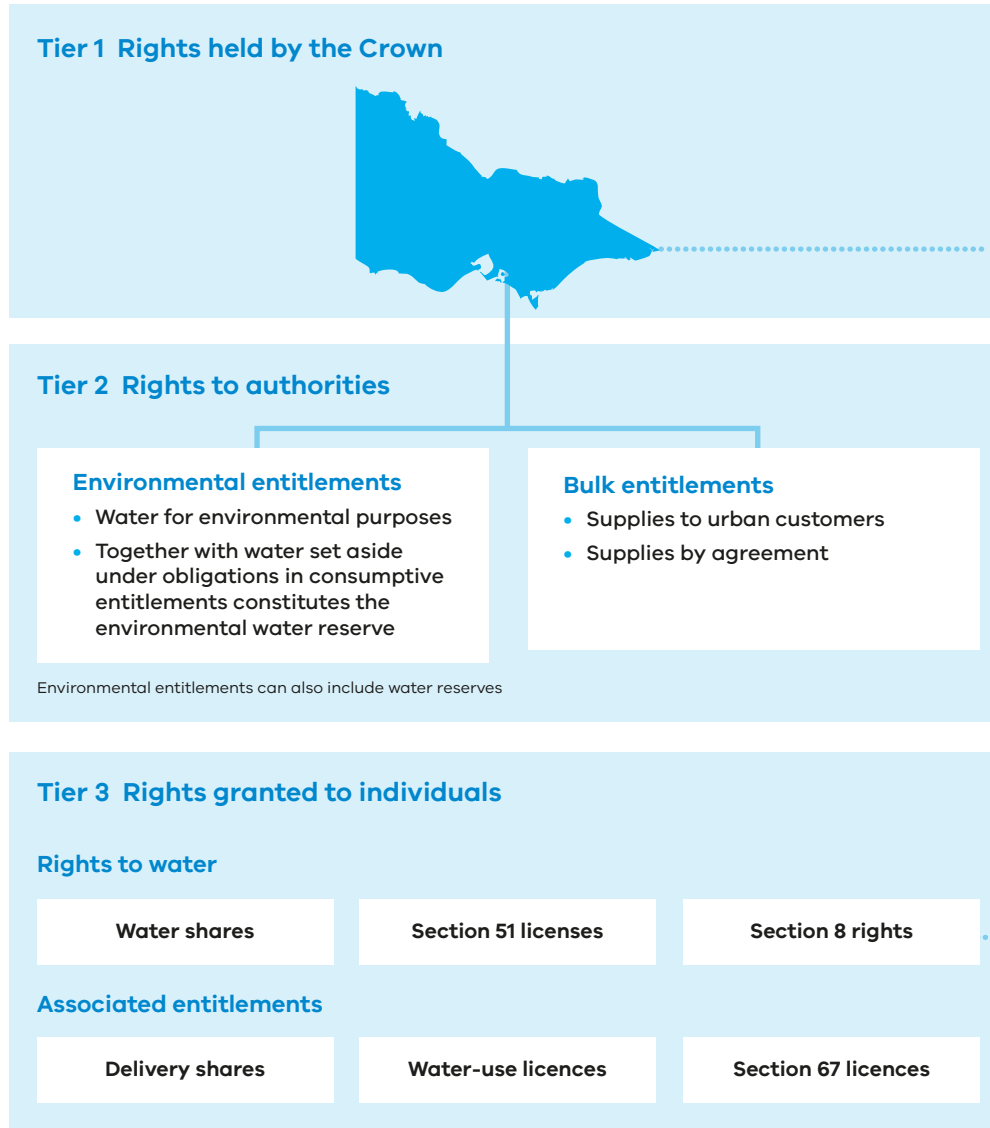
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Figure 3 Overview of Victorian allocation framework



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PHOTO CREDIT North Central CMA, canoeing on Gunbower Creek at Cohuna Festival Wetlands & Waterwatch Canoe Event



PHOTO CREDIT Corangamite CMA

Part 4

Understanding the role of the board and the role of ministers and government

The Role of Ministers

In general, public entities with service delivery functions should expect a high degree of ministerial oversight of the entity’s policy and strategic direction, consistent with government policy.

Ministers are accountable to Parliament and to the community for the performance of entities within their portfolio. The minister is required to establish and maintain proper controls to ensure that these agencies act lawfully and properly and to ensure an entity’s compliance not only with its enabling legislation but also with ministerial directions.

The **roles and responsibilities of ministers** in relation to public entities include exercising powers to:

- appoint and remove directors
- give directions and request information (subject to applicable legislation), and
- initiate review of public entities’ management systems, structures or processes.

A minister’s powers are found in the enabling legislation for the entity, as well as in the **Public Administration Act 2004** and the **Financial Management Act 1994**. A minister, with the support of the portfolio department, reviews annual reports for tabling in Parliament and reviews corporate plans and business cases to ensure an entity is operating consistent with government policies and achieving what they set out to do.

The Minister for Water is responsible for the administration of the **Water Act 1989**; the Minister for Water and the Minister for Environment and the Minister for Climate Action are jointly and severally responsible for the administration of the **CaLP Act**, with the Minister for Water being the lead minister.

The Treasurer plays a key role in the regulation of the financial operation of public entities and with the **Department of Treasury and Finance**, is responsible for setting financial reporting guidelines and directions, and reviewing annual reports, corporate plans and business cases for water corporations. In practice, the Treasurer works very closely with the relevant minister to ensure public entities are operating in the public interest.

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The Role of Government

The government will often set policies that apply to all public sector agencies or specific water entities. Government policies may be strategic, operational or procedural and may be established by the Victorian Premier, ministers or department secretaries.

Policies cannot add to, or limit the powers given to an organisation in its enabling Act, but rather guide how its responsibilities are to be carried out and how its powers are to be exercised. Agencies must have regard to these. Ministers can place obligations on water entities to implement government policies, e.g., through a statement of obligations.

PHOTO CREDIT Goulburn Weir, Goulburn Murray Water



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PHOTO CREDIT South Gippsland Water

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Key Ministerial Portfolios and Legislation

Table 1 outlines which ministers with portfolio responsibilities are relevant to water entities.

Note that the Premier and Special Minister of State are responsible for the administration of the *Victorian Public Administration Act 2004*.

Further information on the most current administrative arrangements for the responsibility of Acts of the Victorian Parliament can be found at the [Department of Premier and Cabinet website](#)

PHOTO CREDIT South Gippsland Water



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Table 4 Ministerial responsibilities relevant for water entities

(view www.vic.gov.au/general-orders for a full list of Ministerial responsibilities)

Ministers with portfolio responsibilities relevant to water entities

Minister for Water	Minister for Environment	Minister for Climate Action	Treasurer	Assistant Treasurer	Minister for Health	Minister for Emergency Services
<i>Water Act 1989</i>	<i>Catchment and Land Protection Act 1994*</i>	<i>Climate Change Act 2017</i>	<i>Financial Management Act 1994</i>	<i>Audit Act 1994 2*</i>	<i>Health (Fluoridation) Act 1973</i>	<i>Emergency Management Act 1986</i>
<i>Water Industry Act 1994</i>	<i>Environment Protection Act 1970</i>		<i>Borrowing and Investment Powers Act 1987</i>	<i>Essential Services Commission Act 2001</i>	<i>Safe Drinking Water Act 2003</i>	<i>Emergency Management Act 2013</i>
<i>Murray-Darling Basin Act 1993</i>	<i>Flora and Fauna Guarantee Act 1988</i>		<i>Public Authorities (Dividends) Act 1983</i>	<i>Victorian Managed Insurance Authority Act 1996</i>		<i>Victoria State Emergency Service Act 2005</i>
<i>Water (Commonwealth Powers) Act 2008</i>	<i>Heritage Rivers Act 1992</i>		<i>Treasury Corporation of Victoria Act 1992</i>	<i>Occupational Health and Safety Act 2004</i>		<i>Country Fire Authority Act 1958</i>
<i>Water Efficiency Labelling and Standards Act 2005</i>	<i>Conservation, Forests and Lands Act 1987*</i>					<i>Metropolitan Fire Brigades Act 1958</i>
<i>Groundwater (Border Agreement) Act 1985</i>	<i>Crown Land (Reserves) Act 1978*</i>					
<i>State Owned Enterprises Act 1992*</i>	<i>Land Act 1958*</i>					
	<i>Pipelines Act 2005*</i>					
<i>Catchment and Land Protection Act 1994*</i>	<i>State Owned Enterprises Act 1992*</i>					
<i>Conservation, Forests and Lands Act 1987*</i>	<i>Water Industry Act 1994*</i>					

Assisting department, commission and/or authority

Department of Energy, Environment and Climate Action	Department of Treasury and Finance	Department of Treasury and Finance	Department of Health Chief Health Officer	Emergency Management Victoria Fire Rescue Victoria
		Essential Services Commission		

2 * Administered jointly or in part with another minister(s).

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Summary of whole-of-government legislative responsibilities

There are a number of other Acts that apply to the whole of government, including water entities, to help deliver consistent governance and maintain accountability. The application of these Acts and any specific obligations of a particular public entity will vary depending on the legal form, function and objectives of the entity.

There are more than a dozen pieces of legislation that apply to water entities, with a number being particularly important to maintain accountability and transparency. These include:

[Public Administration Act 2004](#)

The [PAA](#) is covered in more detail in other sections of this Guide. By way of overview, the [PAA](#) aims to protect employees from politicisation; promote integrity, career opportunities and good standards of governance; and ensure the public sector workforce is capable of delivering high-quality services to the Victorian community. The Act also outlines a director's duties, including conduct as an officer with access to significant corporate information (see Part 1 of the [PAA](#)).

[Financial Management Act 1994](#)

The Act aims to:

- improve financial administration of the public sector
- improve the accountability of the public sector, and
- provide for annual reporting to the Parliament of Victoria by departments and public sector bodies (s.53A).

The Act also allows the Treasurer and DTF to issue [financial reporting guidelines](#) and standing directions to public sector bodies, including water corporations.

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[Freedom of Information Act 1982](#)

Members of the public have the right to request documents held by the parliament, government, public service and most government agencies and statutory authorities. A request for information can be about an individual's personal affairs or the activities of the government.

An applicant is entitled to access a document unless the document is exempt. Exempt documents include cabinet documents, internal working documents, personal affairs, information obtained in confidence and commercial information.

[Privacy and Data Protection Act 2014](#)

The Victorian public sector has an obligation to handle personal information transparently. Information privacy is managed in a way that balances the public interest with protecting the privacy of personal information in the public sector.

[Protected Disclosure Act 2012](#)

If an officer of a water entity wants to make a disclosure about the conduct of an officer in a public entity, they must make the disclosure to IBAC. From 1 December 2016, if the managing director of a public entity such as a water corporation suspects on reasonable grounds that a person within the organisation (including the board) is involved in corrupt conduct, they must report it to IBAC.

A board director or officer of a water entity may make a disclosure about serious improper conduct of a DEECA officer directly to DEECA's [Protected Disclosure Coordinator](#). Serious improper conduct may be:

- detrimental action taken or engaged in by a public body or public officer performing public functions
- members of the public who incite a public officer to commit serious improper or corrupt conduct, or
- conduct of a public officer that is unlawful, corrupt, fraudulent or dishonest, whereby an individual uses their position or information available to them in their position to personally benefit.

Alternatively, if there is a grievance with a DEECA officer, e.g., poor customer service, a complaint can be made [directly to DEECA](#).

Public Records Act 1973

Water corporations are obliged to manage records by following standards set down by the [Public Record Office Victoria](#). State standards in retaining and maintaining records apply to all records created by the Victorian Government.

Environment Protection and Biodiversity Conservation Act 1999

The *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) is the Australian Government's central piece of environmental legislation. It provides a legal framework to protect and manage nationally and internationally important flora, fauna, ecological communities and heritage places defined in the Act, as matters of national environmental significance.

PHOTO CREDIT Yarra Valley Water, Merri Creek



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The Victorian Public Sector

The Victorian public sector oversees public services, provides public policy advice and support to Ministers, administers the law and supports the government of the day in serving the Victorian community.

The Victorian public sector is made up of the Victorian public service, including departments, Victorian public entities such as water entities and special bodies, including the Victorian Civil and Administrative Tribunal (VCAT). Most of these terms are defined in the [PAA](#).

Figure 4 Composition of the Victorian public sector



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Key Departments and Agencies

The Victorian public service consists of departments and agencies. Departments provide public services, support ministers in developing and implementing policies and legislation, build and maintain physical and social infrastructure, manage resources and administer state finances.

As part of their day-to-day role in support of ministers in the administration of their portfolios, departments will:

- communicate and provide advice to water entities regarding their roles and responsibilities, delegated functions, government policies and procedures, reporting frameworks and timelines to comply with government requirements
- monitor the performance of water entities in meeting their statutory and regulatory obligations, and compliance with government policy, and
- help facilitate reporting by the water entities to the relevant minister.

Departments help ministers perform their portfolio responsibilities and are a means by which government policy is implemented. A department is the Minister's principal source of advice on the performance of public entities and on emerging risks within his or her portfolio. Departments assist with liaison between the public entity and the Minister, and between the public entity and central agencies (DPC and DTF).

PHOTO CREDIT South Gippsland Water



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Water entities are accountable to the relevant ministers for their operational and strategic actions and activities. Water entities may be required to respond to requests from different departments in support of a portfolio Minister. However, day-to-day interactions between the board and staff will usually be with a key number of departments, agencies and statutory bodies including:

- Victorian Public Sector Commission
- Department of Energy, Environment and Climate Action
- Department of Treasury and Finance
- Department of Health
- Victorian Independent Remuneration Tribunal
- Essential Services Commission (in the case of water corporations)
- Environment Protection Authority
- Commissioner of Environmental Sustainability
- The Department of Jobs, Skills, Industry and Regions
- The Department of Justice and Community Safety
- Emergency Management Victoria
- Inspector General for Emergency Management

Victorian Public Sector Commission

The [Victorian Public Sector Commission](#) works to strengthen the efficiency, effectiveness and capability of the public sector, and maintain and advocate for public sector professionalism and integrity.

Headed by a Commissioner, the VPSC has the power to undertake reviews into the management systems, structures or processes within an organisation or of the functional relationship between two or more organisations. The Premier may direct, and ministers may request such reviews.

In promoting good governance, the VPSC provides advice and support on issues relating to conduct and assists departments that support public entities. It sets out the policies, codes and guidelines that boards and government sector executives must abide by to remain equitable, accountable and transparent. Furthermore, it also provides advice on non-remuneration related executive employment matters, such as salary packing, performance, contracts.

More information

[VPSC New Resources for Public Entity Boards](#)

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Department of Energy, Environment and Climate Action

To assist with the management of the water sector, [DEECA](#) supports the Minister for Water and Minister for Energy and Resources, Minister for Environment and Minister for Climate Action in a number of ways, including:

- providing policy advice and guidance , including on climate change adaptation and mitigation
- implementing government policies
- acting as a liaison between the Minister and each water entity
- monitoring performance and compliance, and
- reviewing annual reports, corporate plans and other key documents.

DEECA also supports the agriculture portfolio through [Agriculture Victoria](#), within DEECA. Agriculture Victoria works with the agriculture industry on research, development and extension to improve production, connect the sector with international markets, support development and maintain effective biosecurity controls. Agriculture Victoria has a governance and policy role regarding the management of fisheries, forestry and game species. It also works with CMAs in relation to sustainable agriculture, biosecurity, and noxious weed and pest animal management.

The Water and Catchments Deputy Secretary’s tasks and responsibilities include:

- developing and implementing water and catchments policy, programs and institutional and legislative frameworks
- supporting informed water and catchment management decisions that are fair and reflect community values
- providing oversight and advice on major water infrastructure projects
- assisting the Minister with board appointments, and
- representing Victoria’s interests in intergovernmental water and catchments policy and program obligations.

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The Executive Director of Partnership and Sector Performance, Water and Catchments Group, is the Relationship Manager between water entities and DEECA. For DEECA to have a productive working relationship with each water entity, it is important that each party ensures:

- contact is positive and regular
- roles and responsibilities are clear
- water sector climate change adaptation and mitigation
- safety oversight of Victorian dams
- good public administration and governance adherence
- collaboration on strategy and planning, and
- monitoring and reporting requirements are optimised.

See [DEECA's website](#) for the most recently updated organisational charts of DEECA executives.

PHOTO CREDIT Coliban Water, Community Sector Showcase



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Department of Treasury and Finance

The [Department of Treasury and Finance](#) provides support and services to the Treasurer, Minister for Finance, Minister for Industrial Relations and Assistant Treasurer.

DTF assists with the financial management of Victoria's general government sector through the preparation and delivery of the annual state budget, revenue collection, and the borrowing, investing and financial arrangements to hedge, protect and manage the state's financial interests.

Water corporations, particularly the retailers, have regular communication with DTF in its functions of:

- overseeing the planning and delivery of major infrastructure projects undertaken across government, and
- providing investment and fund management services to the state and its statutory authorities.

DTF is also responsible for:

- the state's financial reporting and accountability framework
- the Victorian Government Risk Management Framework
- the insurance policy for the state
- the public sector industrial relations policy, and
- economic regulation of the state's essential services.

Several agencies also have responsibilities for the oversight of water corporations:

- [Essential Services Commission](#) (see below)
- [Partnerships Victoria](#)
- [Treasury Corporation of Victoria](#)
- [Commissioner for Better Regulation](#)
- [Victorian Government Purchasing Board](#)
- [Victorian Managed Insurance Authority](#)

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Department of Health

The [Department of Health](#) (DH) assists the Minister for Health to achieve the best health and wellbeing for all Victorians. DH has important role under the [Safe Drinking Water Act 2003](#), which establishes the regulatory framework for ensuring that all water corporations deliver safe drinking water to Victorians.

In conjunction with the Victorian water sector, DH's water program assists with maintaining up-to-date knowledge about health-related drinking-water risk management processes, together with fair, transparent and effective regulatory oversight. [Safe drinking water](#) in Part 3 of this guide provides further information on drinking water.

In addition to DH's role, the Victorian Chief Health Officer is responsible for developing and implementing strategies to promote and protect public health, as well as advise ministers and departmental secretaries on matters relating to public health and wellbeing. The Chief Health Officer may issue health alerts and health advisories to help inform the public.

PHOTO CREDIT Gippsland Water, Moondarra Reservoir



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Victorian Independent Remuneration Tribunal

The Victorian Government established the Victorian Independent Remuneration Tribunal (VIRT) in July 2019. VIRT is responsible for the Victorian Government Public Entity Executive Remuneration (PEER) Policy, transferred from the Office of Public Sector Executive Remuneration to VIRT. The PEER policy outlines the government's approach to executive remuneration in specified public entities, including water corporations and CMAs.

In December 2020, the PEER Policy was updated to support the Determination of remuneration bands for executives employed in prescribed public entities and the rollout of the Public Entity Executive Classification Framework (PEECF). The updated PEER Policy:

- ensures greater consistency and transparency in the regulation of remuneration of executives across the public sector
- supports the rollout of the PEECF and mandates its application
- reflects the expanded role of VIRT in public entity executive remuneration.

PHOTO CREDIT Coliban Water



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The PEECF enables classification of public entity executive positions into one of three bands, using a methodology which scores the work value of a given position. The Victorian Public Sector Commission provides guidance for the [remuneration](#) and [recruitment of Chief Executive Officers \(CEOs\)](#) and Managing Directors (MDs) of public entities. Remuneration must comply with any determinations and guidelines issued by VIRT.

Water corporation boards and CMA boards must make a submission to VIRT to gain approval for an executive's remuneration for:

- an incoming CEO/MD in a newly established or existing entity over and above the band that had been assessed by the VPSC in 2021-22; and
- the reappointment of an incumbent CEO/MD, where an increase in total remuneration package (TRP) is proposed above the band that had been assessed by the VPSC in 2021-22.

When VIRT receives a submission from a water corporation board or a CMA board it refers the submission to the Water and Catchments Group in DEECA for review and comment. DEECA provides comment on relevant matters to VIRT to assist it to determine an appropriate remuneration level for the role and candidate. VIRT notifies the board and DEECA of its decision.

[The VIRT website](#) provides guidance for boards to make a submission and for departments to review and comment on a submission.

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Essential Services Commission

The [Essential Services Commission](#) is Victoria's independent economic regulator of certain essential services supplied by the electricity, gas, water and sewerage, taxis, ports and rail freight industries. These utility services are among the most important contributors to the social and economic wellbeing of all Victorians and are therefore price regulated by the ESC as they all have monopoly characteristics.

The ESC's statutory objective is to "promote the long-term interests of Victorian customers with regard to the price, quality and reliability of essential services". The ESC also considers the financial viability of regulated industries, along with existing and potential competition within the sector. Its role, specific to water, encompasses regulation of prices, monitoring of service standards and market conduct.

[Water prices and service standards](#) in Part 3 of this document, provides further information on setting prices for water and sewerage services.

PHOTO CREDIT Gippsland Water, Moondarra Reservoir



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Environment Protection Authority

The [Environment Protection Authority](#) is an independent statutory authority under the [Environment Protection Act 2017](#). The Act defines the EPA's powers, duties and functions, and provides a framework for the prevention and control of air, land and water pollution, industrial noise and waste.

The EPA has powers and tools to prevent risks to the environment and human health, as well as the ability to issue stronger sanctions and penalties to hold environmental polluters to account.

State environment protection policies under the Act have an important role in water resource management. EPA is also responsible for regulating water corporations' wastewater treatment functions through licences and works approvals.

EPA licences and works approvals set out the operating conditions, waste discharge limits and waste acceptance conditions of the water corporations' operating sites. The EPA is empowered to take enforcement action where there are breaches of state environment protection policies, licences and works approvals.

[Environmental protection](#) in Part 3 of this document provides further information on the EPA and environmental regulation.

Commissioner for Environmental Sustainability

In 2003, the first Commissioner for Environmental Sustainability was appointed after the Victorian Parliament passed the *Commissioner for Environmental Sustainability Act 2003*.

The Commissioner's role is to provide independent and objective scientific reporting to inform policy-makers, scientists and the wider Victorian public on the state's natural environment.

The Commissioner's role is to:

- review and report on the condition of Victoria's environment
- encourage decision-making that facilitates ecologically sustainable development
- enhance knowledge and understanding of issues relating to ecologically sustainable development and the environment, and
- encourage Victorian and local governments to adopt sound environmental practices and procedures.

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Department of Jobs, Skills, Industry and Regions

The [Department of Jobs, Skills, Industry and Regions](#) (DJSIR) ensures Victoria's strong economic performance by supporting and growing businesses, industries and building vibrant communities and regions, providing more opportunities for people through jobs and skills programs. DJSIR supports numerous portfolio Ministers, and the Department operates across metropolitan, regional and international offices. DJSIR supports the following portfolios:

- Industry and Innovation
- Manufacturing Sovereignty
- Employment
- Training and Skills
- Higher Education
- Trade and Investment
- Tourism, Sport and Major Events
- Creative Industries
- Small Business
- Suburban Development
- Regional Development
- Commonwealth Games Delivery
- Commonwealth Games Legacy
- Outdoor Recreation
- Community Sport

Department of Justice and Community Safety

The Department of Justice and Community Safety supports the portfolios of Police and Emergency Services and has a range of responsibilities relating to the planning, management and delivery of Victoria's emergency services. It sets the policy for emergency management in Victoria.

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Emergency Management Victoria

Emergency Management Victoria (EMV) leads emergency management in Victoria. It maximises the ability of the emergency management sector to work together and strengthen the capacity of communities to plan for, withstand, respond to and recover from emergencies. EMV, in collaboration with Victoria's emergency management agencies, maintains the [Emergency Management Manual Victoria](#). This manual contains the principal policies, emergency planning and management arrangements as outlined in the *Emergency Management Act 2013*. [Part 3](#) of the manual identifies the support roles water corporations and CMAs are to play in emergency management situations.

In July 2015, EMV introduced legislative and policy arrangements to improve [critical infrastructure resilience](#) and reduce disruption of services to the community due to emergencies. Water corporations have obligations under critical infrastructure resilience arrangements. Water corporations identified as owning "vital critical infrastructure" under the Victorian Critical Infrastructure Model must complete an annual Resilience Improvement Cycle. DEECA leads the development of an annual Water Sector Resilience Plan in collaboration with water agencies, through the Water Sector Resilience Network.

Inspector General for Emergency Management

Established on 1 July 2014 by the [Emergency Management Act 2013](#), the Inspector General for Emergency Management (IGEM) works to strengthen emergency management arrangements and community safety in Victoria.

IGEM's primary role is providing assurance to government and the community regarding the emergency management arrangements in Victoria and fostering their continuous improvement.

IGEM undertakes objective reviews, evaluations and assessments of Victoria's emergency management arrangements and the sector's performance, capacity and capability.

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Associations

Independent state and national industry associations help Victoria’s water sector adopt new technologies, improve efficiencies and learn from each other.

VicWater

VicWater is the peak industry association for water corporations in Victoria. All 18 Victorian water corporations and some CMAs are members of the association. VicWater seeks to represent and support the water industry’s collective interests by:

- coordinating industry responses in relation to government and regulator policies
- providing forums for industry discussions on priority issues
- producing industry guides to contribute to the improved performance of the industry, and
- identifying industry best practice for consistent and effective approaches to issues affecting the water industry
- promoting the Intelligent Water Network as a collaborative environment among its members for knowledge sharing and learning about innovative technologies and business improvement processes.

Vic Catchments

Vic Catchments was established in February 2017 to showcase Victoria’s integrated catchment management framework. It is an unincorporated body and operates by agreement between Victoria’s nine CMAs (and Melbourne Water as the catchment management authority for the Port Phillip and Westernport region).

Australian Water Association

The [Australian Water Association](#) (AWA) is Australia’s largest membership association for water professionals and organisations. The AWA fosters knowledge, understanding and advancement of sustainable water management through advocacy, collaboration and professional development. The AWA coordinates a comprehensive program of conferences, workshops, publications, industry programs, training courses, networking and business-to-business opportunities.

Operating an active national branch network, the AWA also maintains extensive international links with such groups as the [International Water Association](#).

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Water Services Association of Australia

The [Water Services Association of Australia](#) (WSAA) is a peak industry body that influences national and state urban water policy. It promotes sustainable development and management of public water supplies, as well as ensures the water drawn from them is safe for drinking. It works to improve industry performance and benchmarking.

The WSAA regularly convenes member groups and interested parties to discuss common technical and policy issues. It shares information such as research findings and developments, and actively engages with all levels of government on urban water policy development.

Institute of Water Administration

The [Institute of Water Administration](#) (IWA) provides a Victorian forum for sharing information, networking and professional development in the water sector. It focuses on supporting executive management and managing business-related functions within Victorian water corporations. The IWA provides regular conferences and networking opportunities to address contemporary issues around water administration.

PHOTO CREDIT Corangamite CMA



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Australian National Committee on Large Dams Incorporated

The [Australian National Committee on Large Dams Incorporated](#) (ANCOLD Inc) is an incorporated voluntary association of organisations and individual professionals with an interest in dams in Australia. ANCOLD was formed in 1937 as the Australian national committee of the International Commission on Large Dams (ICOLD), a non-government organisation established in 1928. It is one of 100 member countries.

ANCOLD's mission is to be the industry body, representing its members and associates, disseminating knowledge, developing capability and providing guidance in achieving excellence for all aspects of dam engineering, management and associated issues.

PHOTO CREDIT Lower Murray Water



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Appendix A – List of Obligations by Category

Obligation	Legislation/Regulation/Authority
Corporate	
Corporate plan	Water Act 1989 s 247, Corporate Plan Guidelines DEECA
Statement of Corporate intent	Water Act 1989 ss 248, 251
Annual report	Water Act 1989 s 122ZJ, Ministerial Reporting Directions, Annual Report Guidelines (DEECA)
Functions, powers & duties of water corporations	Water Act 1989 s 92
Sustainable management principles	Water Act 1989 s 93
Governance principles & duties of public entity & board	Part 5, Div 2 Public Administration Act
Report on Board Performance	Statement of obligations (general) cl 3.2.1
Board performance assessments	Public Administration Act 2004 (section 81(1)(d)), Code of Conduct for Directors of Public Entities
Pecuniary interests & conflicts of interests	Water Act 1989 ss109-114
Victorian Government Risk Management Framework (VGRMF)	DTF
Asset Management Assurance Framework (AMAF)	DTF
Financial Management Compliance Framework, annual attestation	Standing Directions 2018 Under the Financial Management Act 1994
VGPB	Victorian Government
Payment Times Reporting Scheme (PTRS)	Payment Times Reporting Act ss 12-14
Social procurement framework	DTF
Public construction reporting obligations	DTF
Gifts and benefits monitoring and reporting	DEECA/VPSC
Foreign investment risk policy management	DTF
Enterprise Agreement–EA DTF costings (all conditions) of a 3 year basis	DTF

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Obligation	Legislation/Regulation/Authority
FOI professional standards	Freedom of Information Act s 6W
Public Sector Values	Public Administration Act s 7(2)
Records Management Standards	Public Records Act s 13
Records disposal	RDAs–Common Administrative Functions and Water Industry Functions
Risk Management Plan attestation	Emergency Management Act 2013
Workforce Data	Victorian Public Sector Commissions
Executive Remuneration (PEER)	Victorian Public Sector Commissions
Social Responsibility	
Duty to promote gender equality	Gender Equality Act s 7
Submit Gender Equality Action Plan	Gender Equality Act s 12
Prepare progress report (gender equality)	Gender Equality Act s 19
Diversity and inclusion reporting	DPC
Providing for Aboriginal cultural values and uses of waterways & social and recreational uses of waterways	Water Act 1989 s 92(2A)
'recognise and support Aboriginal cultural value and economic inclusion in the water sector' e.g. engagement of traditional owners and Aboriginal communities	Letter of expectation
Water corporations will develop strategies and goals that will increase both gender equity and Aboriginal inclusion, participation and engagement. e.g. developing & implementing diversity & inclusion policies, RAP	Letter of expectation
Reconciliation Action Plan (RAP) Reporting	Reconciliation Australia
Water allowance for social and recreational use	Water for Victoria, Victorian Government
Family violence policy requirements	Victorian Government
Local jobs first policy	DEECA
Modern slavery	Modern Slavery Act (Cth) s 13

Obligation	Legislation/Regulation/Authority
Drinking Water Quality	
Prepare, implement and review risk management plan	Safe Drinking Water Act s 7
Drinking water must comply with quality standards	Safe Drinking Water Act s 17
Notify secretary in writing if non-complying water supplied	Safe Drinking Water Act ss 18, 22
Make water quality info publicly available	Safe Drinking Water Act s 23
Annual quality report	Safe Drinking Water Act s 26
Administration levy	Safe Drinking Water Act s 51
Report blue-green algal blooms impacting on water supply or delivery	Statement of obligations (general) cl 5.4.1
Monitor blue-green algae levels and report	Annual blue-green algae circular
Bi-annual external DHHS audit	Safe Drinking Water Act
Fluoride code compliance requirements	Health (Fluoridation) Act 1973
Environment	
Environmental contributions	Water Industry Act 1994 s 194
Environment protection levy	Environmental Protection Act s 91
General environmental duty: risk minimisation	Environmental Protection Act s 25
EPA operating licences	Environmental Protection Act s 45
Waste management requirements	Statement of obligations (general) cl 7.8.1
Emissions reduction targets (2025)	Statement of obligations (emissions reductions)
Net zero pathway	Water for Victoria
Report of progress in meeting emissions reduction target	Statement of obligations (emissions reductions)
Calculate and report emissions in accordance with the National Greenhouse and Energy Reporting Act (NGER)	Statement of obligations (emissions reductions)
Report failure to comply with emissions obligations	Statement of obligations (emissions reductions)
Perform audit of any matter specified by Minister, upon request	Statement of obligations (emissions reductions)
Council Planning Permits	Planning and Environment Act s 47

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Obligation	Legislation/Regulation/Authority
Duties to Notify	Environmental Protection Act ss 32, 40
Land owner general duties	Catchment and Land Protection Act s 20
National Pollutant Reports	National Environment Protection Measure 1998 cl 9
Consider Biodiversity impacts	Flora and Fauna Guarantee Act s 4B
Duty to respond to harm caused by pollution incident	Environmental Protection Act s 31
EPA Development licences	Environmental Protection Act s 44
Duty to prevent bushfires	Country Fire Authority Act s 43, Fire Rescue Victoria Act s 5
Environmental site improvement plans	EPA recycled water guidelines
EPA Annual Performance Statement	Environmental Protection Act
Cultural Heritage Management Plans	Aboriginal Heritage Act
Economic	
PREMO	ESC
Customer dispute resolution scheme	Water Act 1989 s 122ZG
Service obligations	ESC Customer Service Code (June 2020)
Develop, issue and comply with Customer Charters	ESC Customer Service Code (June 2020)
Safety	
WHS contractor code of conduct	Worksafe
Dam safety compliance	DEECA, Statement of obligations (General) cl 5.3.1
Duty to provide and maintain a safe working environment	OHS Act s 21
Duty to monitor health and workplace conditions	OHS Act s 22
Notifications to Worksafe	OHS Act s 38
Managing risks associated with certain workplace activities (eg. Confined Spaces, Hazardous Substances etc)	OHS Regulations/Worksafe Compliance Codes
Taking reasonable precautions	Dangerous Goods Act s 31
Electrical Line Clearance Management Plan	Electrical Safety (electric line clearance) Regulations s 9

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Obligation	Legislation/Regulation/Authority
Manifest Quantity requirements	Dangerous Goods (storage and handling) Regulations (various sections)
Water Industry Fatal Risk Guidelines	WSAA
Security	
Cyber security management	Victorian Govt
Provision of operational information	Security of Critical Infrastructure Act s 24
Victoria protective data security framework	Part 4 Privacy and Data Protection Act (Vic), Office of the Victorian Information Commissioner
Emergency management plan for critical infrastructure	Emergency Management Act s 74M
Information and Health Privacy Principles	Privacy and Data Protection Act s 20, Health Records Act (schedule 1)
Water Resource Management	
Policies, standards and systems around water management	Compliance & enforcement functions: cl 7.3A Statement of Obligations
Annual report on monitoring and compliance activities + enforcement actions	Compliance & enforcement functions: cl 7.3A.2 Statement of Obligations
Prepare urban water strategy	Statement of obligations (general) cl 6.1
Victorian Non-Urban Water Metering Action Plan	Victorian Non-Urban Water Metering Policy
Shortfall response plan	Water Act 1989
Regional Water Monitoring Partnership	DEECA
Drought response plan	Statement of obligations (general) cl 6.4
Murray-Darling Basin Authority compliance audit	Water Act 2007 (Cth) ss 172, 173
Bulk Entitlement, Take and Use Water licences and licence to operate works	Water Act 1989, Water Act 2007 (Cth) (various sections)

Source: Cox, S., InXure Strategy Group, Compliance Obligation Assessment for the Department of Energy, Environment and Climate Action, June 2022

Appendix B – New or Amended Obligations Since 2017-2018

Obligation	Legislation/Regulation/Authority
Corporate	
Asset Management Assurance Framework (AMAF)	DTF
VGPB	Victorian Government
Payment Times Reporting Scheme (PTRS)	Payment Times Reporting Act ss 12-14
Social procurement framework	DTF
Public construction reporting obligations	DTF
Enterprise Agreement–EA DTF costings (all conditions) of a 3 year basis	DTF
Records Management Standards	Public Records Act s 13
Supplier Code of Conduct	DTF
Social Responsibility	
Duty to promote gender equality	Gender Equality Act s 7
Submit Gender Equality Action Plan	Gender Equality Act s 12
Diversity and inclusion reporting	DPC
Family violence policy requirements	Victorian Government
Local jobs first policy	DEECA
On Water Recreation	DEECA
Environment	
General environmental duty: risk minimisation	Environmental Protection Act s 25
EPA operating licences	Environmental Protection Act s 45
Waste management requirements	Statement of obligations (general) cl 7.8.1
Emissions reduction targets	Statement of obligations (emissions reductions)

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Obligation	Legislation/Regulation/Authority
Net zero pathway	Water for Victoria
Landowner general duties	Catchment and Land Protection Act s 20
Consider Biodiversity impacts	Flora and Fauna Guarantee Act s 4B
Duty to prevent bushfires	Country Fire Authority Act s 43, Fire Rescue Victoria Act s 5
Environmental site improvement plans	EPA recycled water guidelines
Safety	
Electrical Line Clearance Management Plan	Electrical Safety (electric line clearance) Regulations s 9
Dam safety compliance	DEECA, Statement of obligations (General) cl 5.3.1
Security	
Cyber security management	Victorian Govt
Provision of operational information, cyber incident reporting, risk management program requirements, maintaining and reporting on critical infrastructure assets	Security of Critical Infrastructure Act s 24
Information and Health Privacy Principles	Privacy and Data Protection Act s 20, Health Records Act (schedule 1)
Water Resource Management	
Annual report on monitoring and compliance activities + enforcement actions	Compliance & enforcement functions: cl 7.3A.2 Statement of Obligations
Prepare urban water strategy	Statement of obligations (general) cl 6.1
Drought response plan	Statement of obligations (general) cl 6.4

Source: Cox, S., InXure Strategy Group, Compliance Obligation Assessment for the Department of Energy, Environment and Climate Action, June 2022

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