

**Dumaresq-Barwon
Border Rivers Commission
Annual Report 2006-07**



To their Excellencies the Governors of the State of New South Wales and the State of Queensland.

In accordance with the provisions of Clause 15(c) of the New South Wales-Queensland Border Rivers Agreement, the Dumaresq-Barwon Border Rivers Commission has the honour to present its report for the year ended 30 June 2007.

Dumaresq-Barwon Border Rivers Commission
c/- PO Box 318,
Toowoomba Q 4350



The Honourable Craig Wallace, MP
Minister for Natural Resources and Water
PO Box 15456
CITY EAST Q 4002

Dear Mr Wallace

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Agreement, we have pleasure in enclosing, for presentation to the Parliament, the Annual Report of the Dumaresq-Barwon Border Rivers Commission for the year ended 30 June 2007.

Yours sincerely

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

Ross Krebs
Commissioner representing
Queensland

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

Peter Christmas
Deputy Commissioner representing
New South Wales

Dumaresq-Barwon Border Rivers Commission
c/- PO Box 318,
Toowoomba Q 4350



The Honourable Philip Koperberg, MP
Minister for Climate Change Environment and Water
PO Box A290
SOUTH SYDNEY NSW 2000

Dear Mr Koperberg

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Agreement, we have pleasure in enclosing, for presentation to the Parliament, the Annual Report of the Dumaresq-Barwon Border Rivers Commission for the year ended 30 June 2007.

Yours sincerely

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Ross Krebs
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Peter Christmas
Deputy Commissioner representing
New South Wales

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The Dumaresq-Barwon Border Rivers Commission (the Commission) is a statutory authority in both Queensland and New South Wales constituted under the *New South Wales-Queensland Border Rivers Agreement* made in November 1946 and subsequently ratified by legislation in both states.

The Commission is responsible for controlling, on behalf of the two states, the operation and maintenance of Glenlyon Dam, Boggabilla Weir and a number of other small weirs and regulators in the Border catchments and arranging for certain river flows and groundwater levels in the border catchments to be monitored.

It is also responsible for implementing the agreement made between the two states in relation to sharing the waters of the Border Rivers and providing advice in relation to water infrastructure and water sharing in all the border catchments.

As the “owner” of a *referable dam* in Queensland, the Commission is also a registered water service provider under the Queensland *Water Act 2000*.

The Commission is funded jointly by the state governments of Queensland and New South Wales on a 50-50 basis.

2006-07 at a glance

Asset operations

- State Water and SunWater continued managing river operations along the Border Rivers on the Commission's behalf.
- No significant shortfalls in supply of "available" regulated water to the states or the state's individual customers were experienced.

Asset maintenance

- Amongst other things, the planned maintenance program included refurbishment of a number of the major components at the Glenlyon Dam inlet tower and outlet works.
- Other planned maintenance tasks were completed to address workplace health and safety issues.

Asset management

- SunWater have now developed and implemented new work instructions for Glenlyon Dam based on the new operations and maintenance manual.
- An operations and maintenance manual has been compiled for Boggabilla Weir.

Hydrology

- The draft report on the study to revise the Glenlyon Dam dam-break analysis was being reviewed by the Commission at the end of the year.

Dam safety

- The Commission successfully completed the tasks necessary for it to comply with the new dam safety conditions for Glenlyon Dam.

Service provider obligations

- The Commission met its statutory requirements under the Queensland Water Act 2000 with respect to its Strategic Asset Management Plan and also development of a Drought Management Plan.

Environmental management

- From December 2006 to June 2007 the level of blue green algae in Glenlyon Dam was found to be "moderate" requiring a recreational hazard warning.

Water Sharing

- 124,200 and 43,500 megalitres of regulated water were diverted from the Border Rivers by New South Wales and Queensland water users respectively.
- No "off-allocation" water was diverted from the Border Rivers by either state other than a small amount taken under the rules specific to small irrigation enterprises. This reflects the poor flow conditions associated with the continuing drought.
- 6,930 and 8,050 megalitres of groundwater were extracted from New South Wales and Queensland sections of the Dumaresq River Groundwater Area respectively.

Irrigated production

- 34,100 hectares of crops were irrigated from the Border Rivers during the year of which 28,000 hectares was cotton.

Institutional reform investigations

- The retiring chairman, Mike Montefiore, recommended to the Ministers that reforms were required to enable the Commission to operate effectively in the current environment.

Financial

- The Commission's net operating result for 2006-07 was a loss of (\$390,773). After allowing for depreciation, however, there was an operating cash surplus of \$392,020 to fund future works.

Other

- The Commission developed and published a website during the year. The address of the website is www.brc.com.au.

Commissioner's report

Because the Commission currently does not have a chairman, it is our pleasure to provide this report on the Commission's behalf as the responsible Commissioner and Acting Commissioner representing Queensland and New South Wales respectively.

Once again, below average rainfall and well below average streamflows in the Border Rivers region have had an adverse impact on the supplies of water available to water users throughout the catchment. The area of irrigated crops grown along the Border Rivers fell from the 50,300 hectares grown in 2005-06 to only 34,100 hectares in 2006-07. By way of comparison the highest area of irrigated crops grown in the area in the previous six years was 75,800 hectares in 2001-02 and the lowest was 24,300 hectares in 2003-04. The area of cotton grown along the Border Rivers was down from 44,700 hectares in 2005-06 to 28,000 hectares in 2006-07.

At the close of the year Glenlyon Dam was storing 33,600 megalitres which represents only 13 percent of its capacity. Other dams in the catchment were also at a relatively low level with Pindari Dam storing 23 percent and Coolmunda Dam 18 percent. At the same time the large number of privately owned on-farm storages along the valley are all either empty or near empty. Unless good runoff causing rainfall occurs before, say, September or October 2007 the area of irrigated crops grown in 2007-08 will be the lowest since the current drought started some five to six years ago.

It's another year on and institutional reform still remains a major challenge for the Commission. Just prior to the expiry of his term as chairman of the Commission at the end of March 2007, Mike Montefiore wrote to the relevant Ministers in Queensland and New South Wales recommending that the Commission be reformed, at least in a minimalist way, so as to enable it to function more effectively in the current environment. He recommended that as a minimum, reforms were required to make the Commission the legal owner of the infrastructure under its control and to empower the Commission to enter into contracts to enable it to fulfil its obligations in its own right.

Both Ministers assured the former chairman that the views and recommendations he expressed in his letter and report would be considered during the discussions with the Federal Government over future control and management of Murray Darling Basin water infrastructure as part of the National Plan for Water Security.

Whilst the Commission's future role is uncertain it has continued to discharge its responsibilities in relation to controlling the operations and maintenance of the jointly owned infrastructure along and in the vicinity of the border and overseeing the agreed arrangements for sharing the water available to be taken from the Border Rivers.

We are most anxious to clarify the Commission's future role, as far as possible, during 2007-08 and to pursue reforms which will enable the Commission to discharge its responsibilities effectively. Assuming the Commission will still be responsible for the operation and maintenance of the Border Rivers infrastructure it will be high on our priority list to formalise the current arrangements with SunWater and State Water to provide the Commission with services.

The Commission maintains a healthy financial position. During 2006-07 the Commission received total revenue of \$2,314,710 comprising the 2007-08 call-up from the states of \$2,100,000, interest of \$192,696 and miscellaneous income of \$22,014. Total expenses from ordinary activities were \$2,705,483 which included depreciation of \$782,793. The Commission's net operating result for the year was a loss of (\$390,773). After allowing for depreciation, however, there was an operating cash surplus of \$392,020 to fund future works.

During the year Mr Mike Montefiore's term as Chairman of the Commission expired. We would like to take this opportunity to thank Mike most sincerely for his efforts over the last five years. His knowledge and experience have been invaluable. We wish him well in his future business and leisure-related activities.

We would also like to express our sincere thanks to the Commission's accountant, the secretary/project officer, members of the management committee and departmental staff whose dedication and efforts during the year enabled the Commission to successfully complete its annual program of projects and works. In particular we thank the outgoing accountant, Anthony Corcoran, for the support he has provided to the Commission over the past five years.



Ross Krebs
Commissioner representing
Queensland



Peter Christmas
Deputy Commissioner representing
New South Wales

The Commission

Purpose

The purpose of the Commission is to implement the agreement made between the governments of Queensland and New South Wales in relation to:

- sharing the waters of the rivers and streams which either form or intersect the boundary between the two states and the associated groundwater resources
- investigating, constructing and operating works to conserve and regulate those waters where considered desirable.

Constitution

The Dumaresq-Barwon Border Rivers Commission was constituted by an agreement made in 1946 between the New South Wales and Queensland governments. The agreement was ratified in New South Wales by the New South Wales-Queensland Border Rivers Act 1947 and in Queensland by the New South Wales-Queensland Border Rivers Act 1946. The agreement, known as the New South Wales-Queensland Border Rivers Agreement, is contained in the schedule to each state's Border Rivers legislation.

Operational area

The Commission's operational area of responsibility includes:

- Glenlyon Dam on Pike Creek in Queensland
- the 'Border Rivers' which includes the parts of the Dumaresq, Macintyre and Barwon Rivers that constitute the boundary between New South Wales and Queensland from Mingoola to Mungindi
- the 'Intersecting Streams' which include the Moonie, Bokhara, Narran, Culgoa, Ballandool, Warrego, Paroo and Bulloo Rivers and their effluents and tributaries, and any stream or watercourse which forms part of the Darling River drainage system and crosses the New South Wales-Queensland border west of the town of Mungindi.



Bifurcation weir on Balonne Minor River at Hastings

Duties and functions

The statutory functions and duties of the Commission are, in summary, to:

- determine the anticipated quantity of water available each year from the Border Rivers and from the dams and weirs controlled by the Commission and notify the states of the portion of that water they may divert and use
- control the construction, operation and maintenance of works taken over or constructed by the Commission under the Agreement i.e. Glenlyon Dam and Boggabilla Weir, as well as other weirs and regulators on the Border Rivers and Intersecting Streams
- undertake investigations considered necessary by the Commission to enable it to exercise the powers and discharge the duties conferred upon it by the Agreement
- report and make recommendations from time to time to the governments of New South Wales and Queensland regarding the sharing of the waters of the Intersecting Streams, the sharing of groundwater and other matters set out in the agreement
- investigate the practicability of constructing, maintaining and operating additional storages
- arrange for the construction, operation and maintenance of gauging stations to record the flow in the Dumaresq River at Mingoola and at such other places as deemed necessary by the Commission
- arrange for the construction, maintenance, operation and control of an effective system of monitoring groundwater.

In addition to its statutory functions the Commission carries on a coordinated program to monitor water quality in the Border Rivers and the Intersecting Streams.

Membership

The Commission consists of three commissioners. One is appointed by the Queensland Government; another by the New South Wales Government; while the third, the chair, who must be a person not in the service of either Government, is appointed by the premiers of the two states. Each commissioner is appointed for a term not exceeding five years. The position of chair alternates between a nominee of the Queensland Government and a nominee of the New South Wales Government. Each state may also appoint a deputy commissioner to act in the case of illness or absence of a commissioner.

During 2006-07 the commissioners were:

- **Mr M (Michael) Montefiore - Commissioner and Chair of the Commission**

Appointed to the position for the period from 25 September 2002 to, and including, 31 March 2007. Mr Montefiore is a commercial infrastructure specialist. A new chair had not been appointed by the end of the year following the expiry of Mr Montefiore's term as chair on 31 March 2007.

- **Mr R W (Ross) Krebs - Commissioner representing Queensland**

Appointed to the position for the period from 5 October 2006 to, and including, 4 October 2011. During 2006-07 Mr Krebs was Regional Manager, Water Services, South West Region in the Queensland Department of Natural Resources and Water.

- **Mr P G (Peter) Christmas - Deputy Commissioner representing New South Wales**

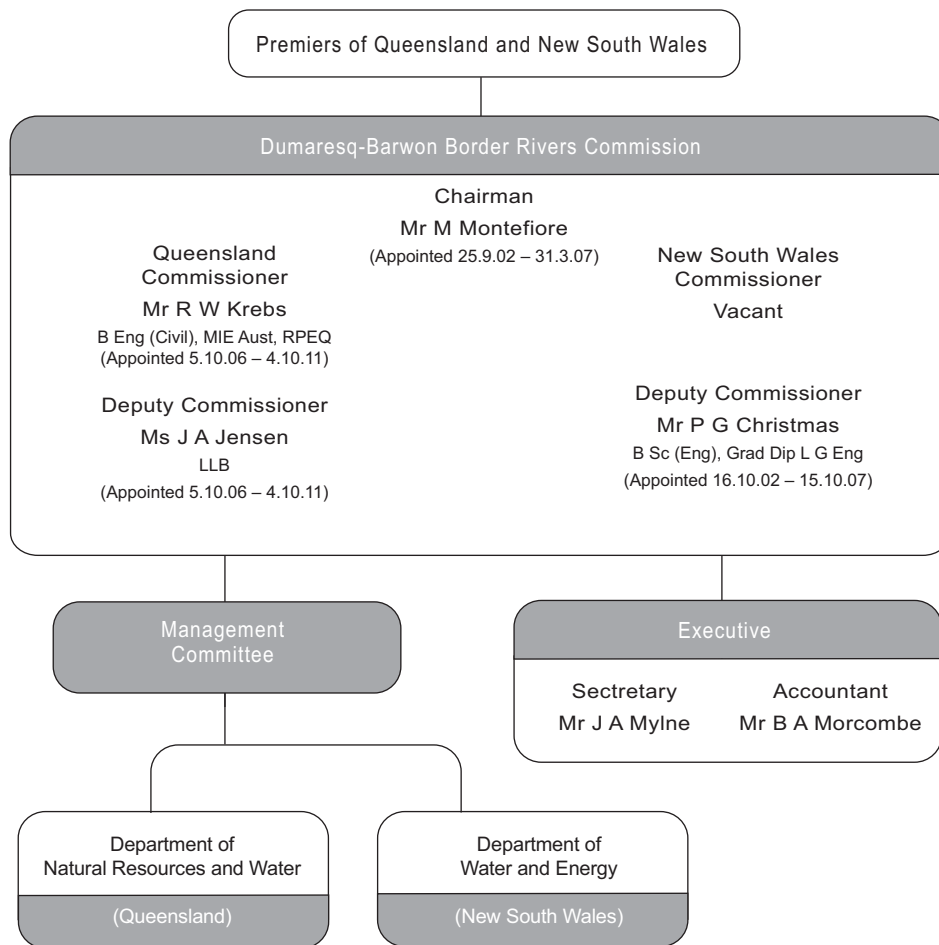
Appointed to the position for a five-year term from 16 October 2002. Mr Christmas was appointed to the position of Director, Water Management and Implementation in the New South Wales Department of Water and Energy during 2006-07. Mr Christmas has represented New South Wales on the Commission since the resignation of the former commissioner representing New South Wales, Mr Randall Hart, on 30 June 2006.

The deputy commissioner appointed by Queensland is:

- **Ms J A (Judith) Jensen - Deputy Commissioner representing Queensland**

Appointed to the position for the period from 5 October 2006 to, and including, 4 October 2011. During 2006-07 Ms Jensen was Director, Water Legislation and Pricing in the Queensland Department of Natural Resources and Water.

The Commission was administratively supported by its secretary, Mr Jim Mylne, and its accountant, Mr Anthony Corcoran, both of whom are employees of the Queensland Department of Natural Resources and Water, until their terms ended on 31 March 2007. Mr Mylne has been re-appointed as the Commission's secretary and Mr Bruce Morcombe of the New South Wales Department of Water and Energy has been appointed to act as the Commission's accountant for the five year period from 1 April 2007.



Meetings

The Commission met on two occasions during the year. Meeting No 166 of the Commission was held 12 October 2006 at Glenlyon Dam and Meeting No 167 of the Commission was held 29 March 2007 in Brisbane. Commissioners Montefiore and Krebs and Deputy Commissioner Christmas attended both meetings held during the year. Deputy Commissioner Jensen attended Meeting No 167 as an observer. The commissioners also met on a number of other occasions during the year either face-to-face or by teleconference to discuss specific issues.

Access

The Dumaresq-Barwon Border Rivers Commission may be contacted through its secretary, Mr Jim Mylne, at:

c/- Department of Natural Resources and Water
PO Box 319, Toowoomba Qld 4350
Phone: (07) 4688 1010
Fax: (07) 4688 1478
Email: brc@nrm.qld.gov.au.

The address of the Commission's website is www.brc.gov.au.

Management committee

A management committee, comprising staff from the Queensland Department of Natural Resources and Water and the New South Wales Department of Water and Energy, manages the day-to-day affairs of the Commission on its behalf.

During 2006-07 the management committee consisted of Mr P G (Peter) Christmas and Mr D M (Derek) Everson of the New South Wales Department of Water and Energy and Mr P T (Paul) Mills and Mr F D (Frank) Walker of the Queensland Department of Natural Resources and Water. The chair of the committee is rotated between the states at two yearly intervals. Peter Christmas is currently chair of the management committee.

A project officer employed by the Queensland Department of Natural Resources and Water on behalf of the Commission provides executive and technical support to the management committee.

The water infrastructure

Objectives

Plan for and develop ways to conserve, manage and deliver water for beneficial use.

Operate structures safely and manage the delivery of water to ensure each state's share of the waters is supplied in a timely, equitable and cost-efficient manner.

Maintain works to defined asset management standards.

Protect the investment of the states in the works under the control of the Commission.

Provide public access to a range of water-based leisure and recreation opportunities.

Strategic focus

Under the provisions of the New South Wales-Queensland Border Rivers Agreement the Commission is responsible for controlling the operation and maintenance of Glenlyon Dam, Boggabilla Weir and a number of other small weirs and regulators which it either took over when it was established in 1947 or which it constructed after the date of the Agreement. The Commission aims to operate and maintain the infrastructure it controls in accordance with best practice, dam safety requirements and the documented plans and procedures including Asset Management Plans, Operations and Maintenance Manuals, Standing Operating Procedures and Emergency Action Plans.



Boggabilla Weir

The Commission employs the Queensland water service provider, SunWater, under a heads of agreement, to operate and maintain the infrastructure it controls with the exception of the Boomi River regulator. The Boomi regulator is operated and maintained on the Commission's behalf by the New South Wales water service provider, State Water. Under the terms of the heads of agreement, SunWater is responsible for providing professional services and advice to the Commission to ensure that it fulfills its responsibility to the states to act as the owner of the Border River's water infrastructure under the provisions of the Border Rivers Agreement.

Currently State Water and SunWater, under contract to the Queensland Department of Natural Resources and Water, jointly carry out the Commission's responsibility, on its behalf, to control releases from Glenlyon Dam and to regulate flows along the Border Rivers under an informal agreement with the Commission made more than 20 years ago.

Details of the key features of the infrastructure controlled by the Commission can be found in its report titled Annual Statistics 2006-07.

Achievements during 2006-07

Dam safety

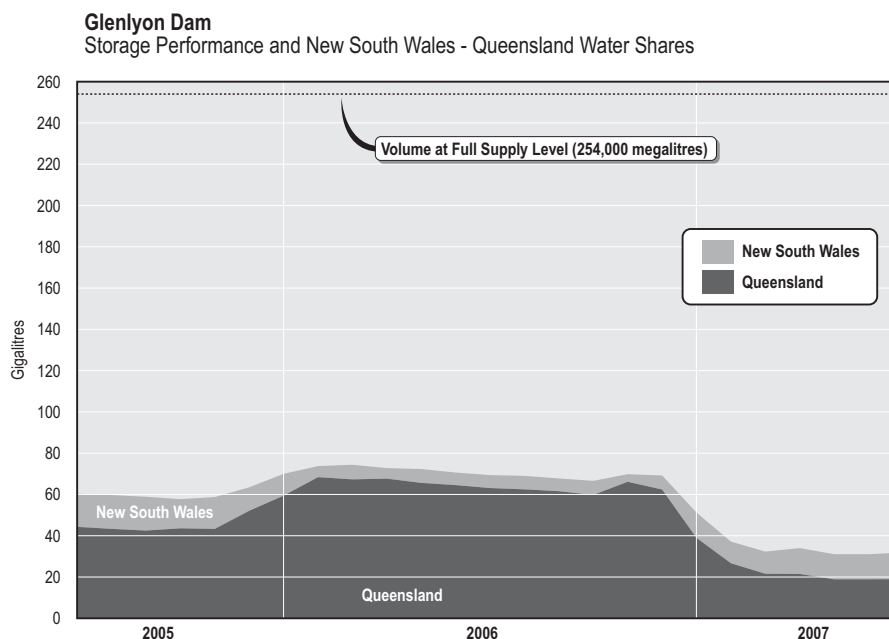
The Commission successfully completed the tasks necessary for it to comply with the dam safety conditions for Glenlyon Dam issued under the provisions of the Queensland *Water Act 2000* in early 2006 by the Queensland Department of Natural Resources and Water. The required tasks were to:

- review and update the Data Book and the Emergency Action Plan
- review and update the existing Standing Operating Procedures and develop new Standing Operating Procedures on a number of additional specific topics
- undertake the Annual Periodic Inspection
- develop a detailed operations and maintenance manual.

Glenlyon Dam dam-break analysis

On the Commission's behalf, SunWater commenced work to revise the dam-break analysis for Glenlyon Dam based on the newly estimated design floods for Glenlyon Dam obtained using the Revised Generalised Tropical Storm Method (GTSMR) for estimating the Probable Maximum Precipitation (PMP). At the end of the year the draft report on the work done by SunWater was being reviewed by the Commission.

The output from the dam-break analysis will be utilised by the Commission to update the inundation mapping in the Emergency Action Plan and to provide the Population at Risk (PAR) figures required for the upcoming study on the adequacy of the Glenlyon Dam spillway.



Glenlyon Dam spillway adequacy assessment

During the year the Queensland Department of Natural Resources and Water finalised the Guidelines for the Acceptable Flood Capacity for Dams in Queensland. The Commission is aware that it is quite possible that the Glenlyon Dam spillway capacity will need to be increased to meet those guidelines. It intends to commence a detailed study to assess the adequacy of the spillway at Glenlyon Dam immediately after it has completed the work to revise the dam-break analysis which is currently in progress.

Water service provider obligations

In accordance with its obligations as a registered water service provider under the provisions of the Queensland *Water Act 2000*, the Commission:

- amended its Strategic Asset Management Plan (SAMP) to take into account the recommendations made by the engineer who audited the Commission's SAMP in 2005-06
- submitted its annual report on implementation of the SAMP to the Queensland Department of Natural Resources and Water.
- developed a Drought Management Plan (DMP) and submitted it to the Queensland Department of Natural Resources and Water.

Minor capital works

The minor capital works undertaken by the Commission during the year included:

- installation of a mechanized gate on the bifurcation weir at Whyenbah on the Culgoa River to address workplace health and safety issues associated with having to insert drop boards during a flow over the weir
- work to upgrade the water treatment plant at the Glenlyon Dam township to meet Australian Drinking water standards.

Planned maintenance and renewal

The Commission continued with its program of planned maintenance and renewals to maintain the Border Rivers infrastructure in good order. Amongst other things a number of the major components at the Glenlyon Dam inlet tower and outlet works were refurbished. An investigation was also completed to develop a detailed program to refurbish the electrical services at Glenlyon Dam.

Other planned maintenance tasks were completed to address workplace health and safety issues.

Asset management

The comprehensive operations and maintenance manual for Glenlyon Dam, which was developed for the Commission by the Dams & Civil unit of the New South Wales Department of Commerce, was reviewed and SunWater have now developed and implemented new work instructions for Glenlyon Dam based on that manual. In addition SunWater completed development of a detailed operations and maintenance manual for Boggabilla Weir.



Glenlyon Dam inlet tower

Public access & recreation

The Commission continued to provide and maintain recreation facilities at Glenlyon Dam to cater for day trippers interested in picnicking, swimming, recreational fishing, boating and water skiing. The caravan park and camping area, operated by private lessees, provide facilities for those wishing to stay for longer. In total about 51,300 people visited Glenlyon Dam during the year.

The local fish stocking group released 53,000 fish fingerlings into the Glenlyon Dam during the year. The fingerlings released included 45,000 Golden Perch and 8,000 Cod.

Future directions

Significant water infrastructure projects planned for 2007-08 and beyond are:

- Development of a formalised asset condition monitoring and asset management system
- Major maintenance and refurbishment of the electrical services at Glenlyon Dam
- Refurbishment of the coating on the lower parts of the Boggabilla Weir vertical lift gates
- A detailed study to assess the adequacy of the spillway at Glenlyon Dam
- Development and implementation of formal contractual arrangements between the Commission and its major contractor, SunWater, as well as with other contracted service providers.

The water resources

Objectives

Provide timely, relevant and expert advice to the states on water sharing and water management issues.

Measure flows in accordance with defined standards to support water resource planning and development, effective water sharing and water management and delivery.

Monitor the aquatic environment and take actions to ensure that it is sustained at a level appropriate to the community.

Investigate and monitor the quality and quantity of the underground water resources of the Border Rivers and develop guidelines for its equitable use and management by the states.

Strategic focus

The New South Wales-Queensland Border Rivers Agreement made in 1946 between the New South Wales and Queensland governments sets out the agreed arrangements for sharing the waters of the Border Rivers between the states. It is the Commission's responsibility to oversee the sharing of the waters of the Border Rivers between the states in accordance with that agreement. Following the construction of Glenlyon Dam it was necessary for the states to agree to operational sharing arrangements to make it practical for the Commission to implement the water sharing provisions of the 1946 Agreement. Details of the current arrangements for sharing the water resources of the Border Rivers are contained in the Commission's *Border Rivers Bulk Water Sharing Plan*.

In the 1970's the Commission constructed eight weirs on streams in the Culgoa-Balonne Minor distributary system to better distribute small flows down those streams and to improve the supply of stock and domestic water. The structures, known as bifurcation weirs, are particularly effective in distributing the compensation flows which Queensland releases through Beardmore Dam in the Balonne River near St George.

In addition to overseeing the water sharing arrangements, the Commission is responsible for ensuring that effective and uniform systems are in place to monitor and record river flows in the Border Rivers and Intersecting Streams and to monitor and record groundwater levels in the alluvial aquifers associated with the Dumaresq River. The cost of this work is borne by the Commission, however, the actual construction, operation and maintenance of these systems is carried out by the Controlling Authorities of New South Wales and Queensland as defined in the Agreement. The data obtained from these monitoring systems is vital for the successful regulation of the Border Rivers and provides essential information to support water resource planning and management in all the border catchments.

Whilst it is not a statutory requirement under the Border Rivers Agreement, the states have requested the Commission to arrange a coordinated program of water quality monitoring in both the Border Rivers and the Intersecting Streams to obtain an ongoing record of key water quality indicators and to identify any emerging water quality problems. The *Controlling Authority* in New South Wales, now the Department of Water and Energy, undertakes these water quality monitoring programs on the Commission's behalf. The full cost of the program is borne by the Commission.

Achievements during 2006-07

Water sharing

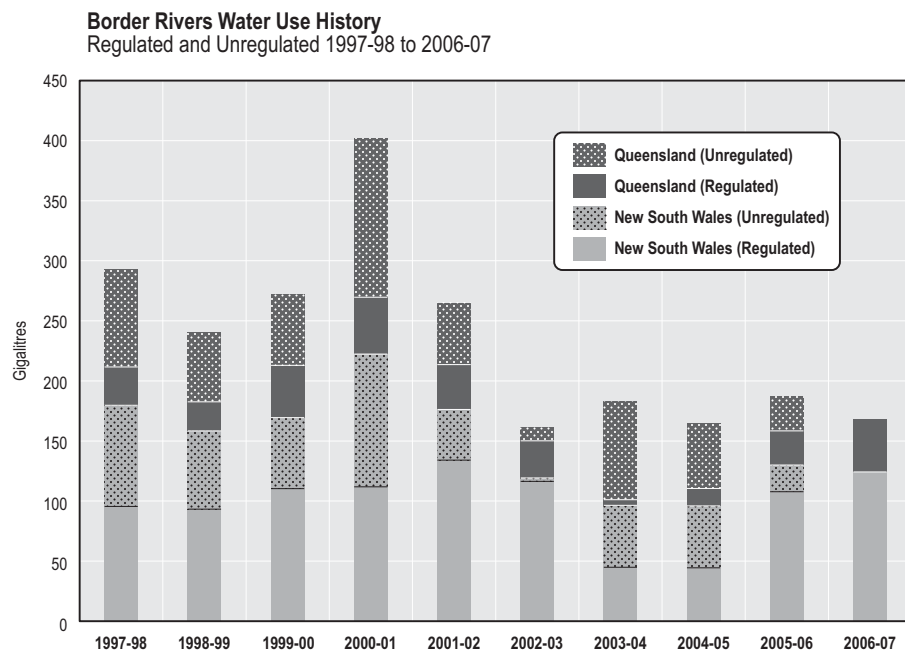
Resource assessments were routinely carried out by the Commission at least once per

month, and more often when required, to share the available water resources of the Border Rivers catchment between the states in accordance with the Border Rivers Bulk Water Sharing Plan. During the year a total of 33,210 and 9,140 megalitres of regulated water were distributed to the New South Wales and Queensland bulk general use accounts respectively for use by the states' water users along the Border Rivers.

Quantities of regulated water diverted were up on the previous year with New South Wales water users diverting 124,204 megalitres and Queensland water users diverting 43,497 megalitres.

Due to the lack of any significant unregulated inflows there were no opportunities for water users to pump supplementary water (NSW) or to waterharvest (Qld) from the Border Rivers during the year.

As indicated by the chart below total water use from the Border Rivers is still well down compared to the last ten years as a result of to the protracted drought conditions.



Trial new water sharing rules

The new rules for sharing unregulated flows in the Border Rivers, which were first implemented by the Commission on a trial basis in October 2005, continued to apply. Some minor amendments were made to those rules during the year to address a number of concerns and issues identified following a review undertaken after the rules had been in place for a year.

Beardmore Dam compensation releases

On 29 January 2007, following consultation with New South Wales and downstream landholders, the Queensland Department of Natural Resources and Water commenced releasing compensation water stored in Beardmore Dam to replenish downstream stock and domestic water supplies. As a result of additional small inflows to Beardmore Dam during February and early March 2007 about 30,000 megalitres of compensation water had been released by early April 2007. The compensation release resulted in stock and domestic water supplies being replenished along the Culgoa, Ballandool, Bokhara and Narran Rivers to within the general vicinity of the Queensland-New South Wales border.

Stream gauging

The New South Wales Department of Water and Energy and the Queensland Department of Natural Resources and Water continued to operate and maintain, on the Commission's behalf, a network of 48 river gauging stations including 25 gauging stations in the Border Rivers catchment and a further 23 gauging stations on the Intersecting Streams to the west of Mungindi.



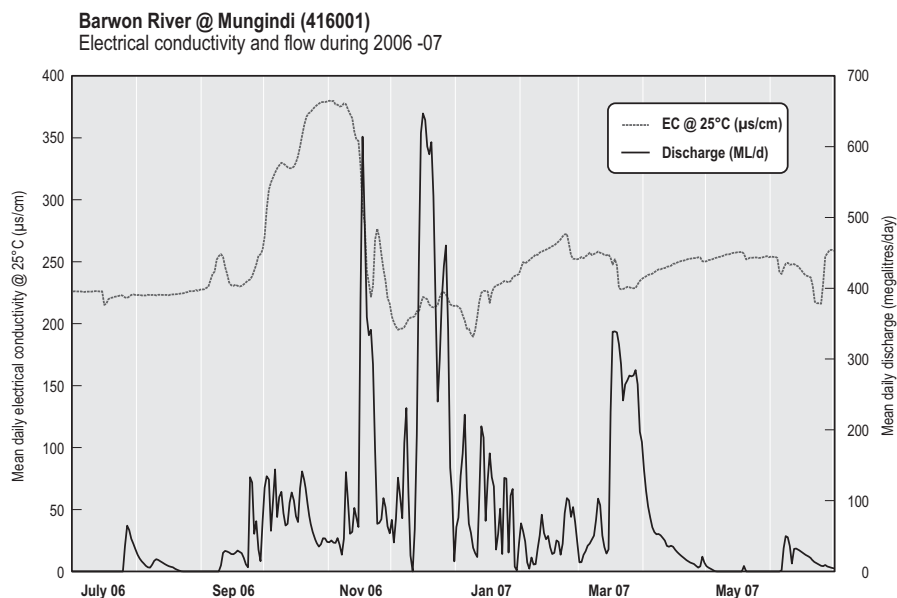
Gauging station on the Ballandool River

Water quality monitoring

The New South Wales Department of Water and Energy continued to monitor water quality on behalf of the Commission at 15 sites in the Border Rivers, including Glenlyon Dam, and six sites on the Intersecting Streams.

In conjunction with the Border Rivers Commission's water quality monitoring program, electrical conductivity is measured continuously at a number of stream gauging stations in the Border Rivers catchment and on the Intersecting Streams under the Murray-Darling Basin Commission's National Action Plan on Salinity and Water Quality. The figure below is a plot of the continuous electrical conductivity measurements and the river flow recorded in the Barwon River at Mungindi Weir during 2006-07.

The plot shows that during the year the electrical conductivity (which is an indicator of salinity) at the downstream end of the Border Rivers catchment (i.e. at Mungindi) generally fluctuated between 190 and 280 $\mu\text{s}/\text{cm}$. It did reach a peak of 380 $\mu\text{s}/\text{cm}$ in late October/early November due to small unregulated inflows to the Border Rivers during September 2006 from several of the Dumaresq River tributaries. The electrical conductivity then dropped back again when a slightly larger fresh in November and December 2006 diluted and flushed the system of salts.



The highest electrical conductivity readings recorded in the Border Rivers catchments during the year were in Tenterfield Creek and the Macintyre Brook. As in previous years Oaky Creek returned high electrical conductivity measurements, however, it was only

sampled twice during the year due to the lack of flows meaning that it will not have been a significant contributor to the salt load in the main river system.

Due to the low flows in the Border Rivers catchment during the year the measured levels of turbidity were generally lower than usual. As turbidity levels generally increase in the lower parts of the catchment it was not surprising that the highest turbidity levels for the year were recorded in the Macintyre River at Kanowna and the Barwon River at Mungindi where median values of turbidity of approximately 40 NTU were recorded.

Electrical conductivity levels measured in the Intersecting Streams during the year were of little concern. One sample, however, taken from the Narran River at New Angledool did have a particularly high electrical conductivity (1,960 us/cm). It is believed that the high measurement was a result of the salts being concentrated in a pool of evaporating water rather than high salinity levels in a river flow. The median electrical conductivity in the Narran River at New Angledool during the year was 374 us/cm.

During 2006-07 there were a number of small to moderate freshes in the Warrego and Paroo Rivers. The turbidity levels measured in those streams were quite high with levels ranging from 370 to 5500 NTU. Those high turbidity levels indicate relatively high levels of nutrient input to those streams.

No algal blooms were reported in the Border Rivers or the Intersecting Streams during the year.

The blue green algal levels at Glenlyon Dam were found to be “moderate” from December 2006 through to June 2007. The appropriate recreational hazard warnings were issued by the Commission’s contractor, SunWater, and testing procedures were implemented in accordance with the blue green algal monitoring procedures adopted by the Commission for Glenlyon Dam.

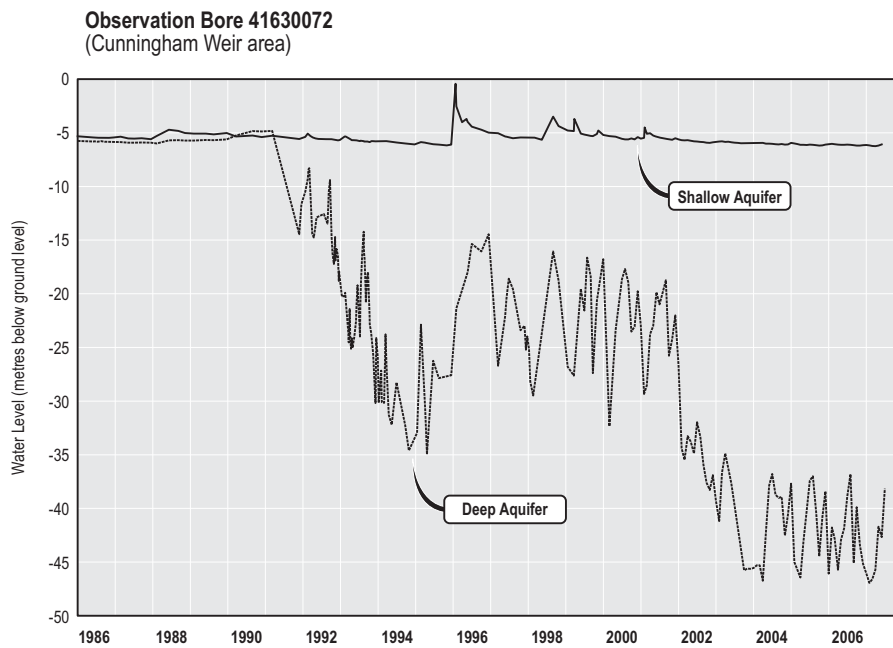


Glenlyon Dam (looking toward embankment, inlet tower and spillway)

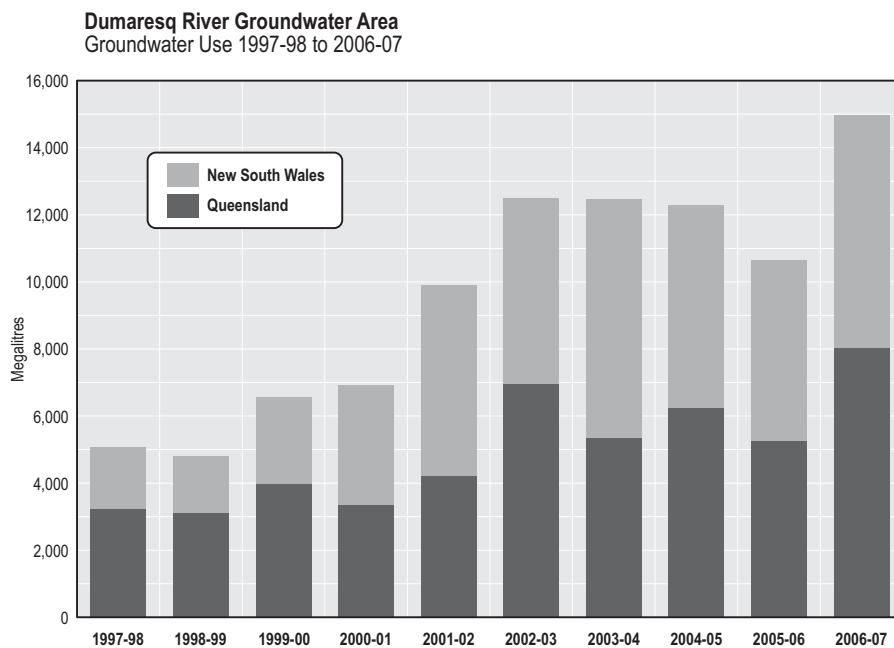
Groundwater monitoring

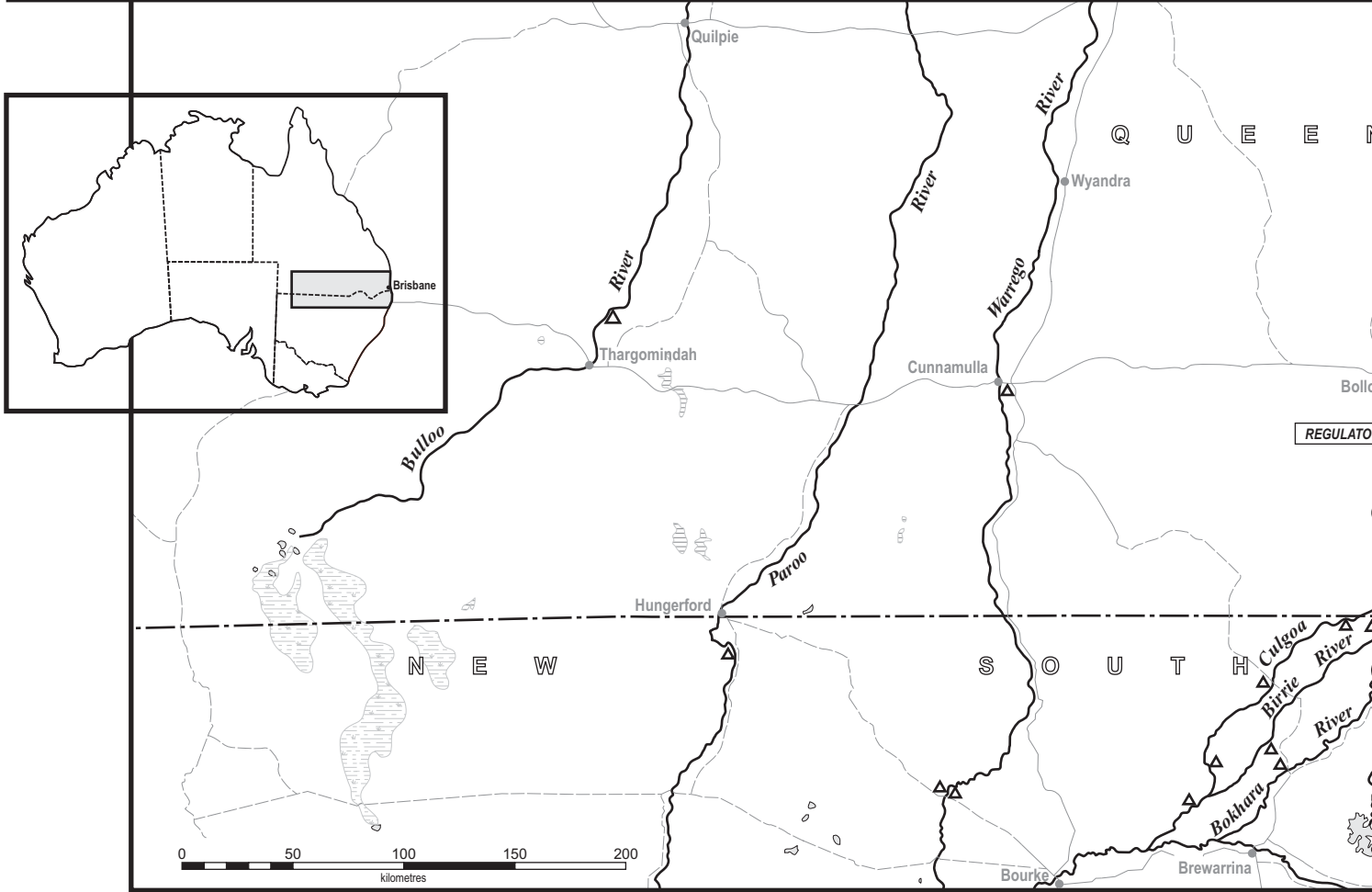
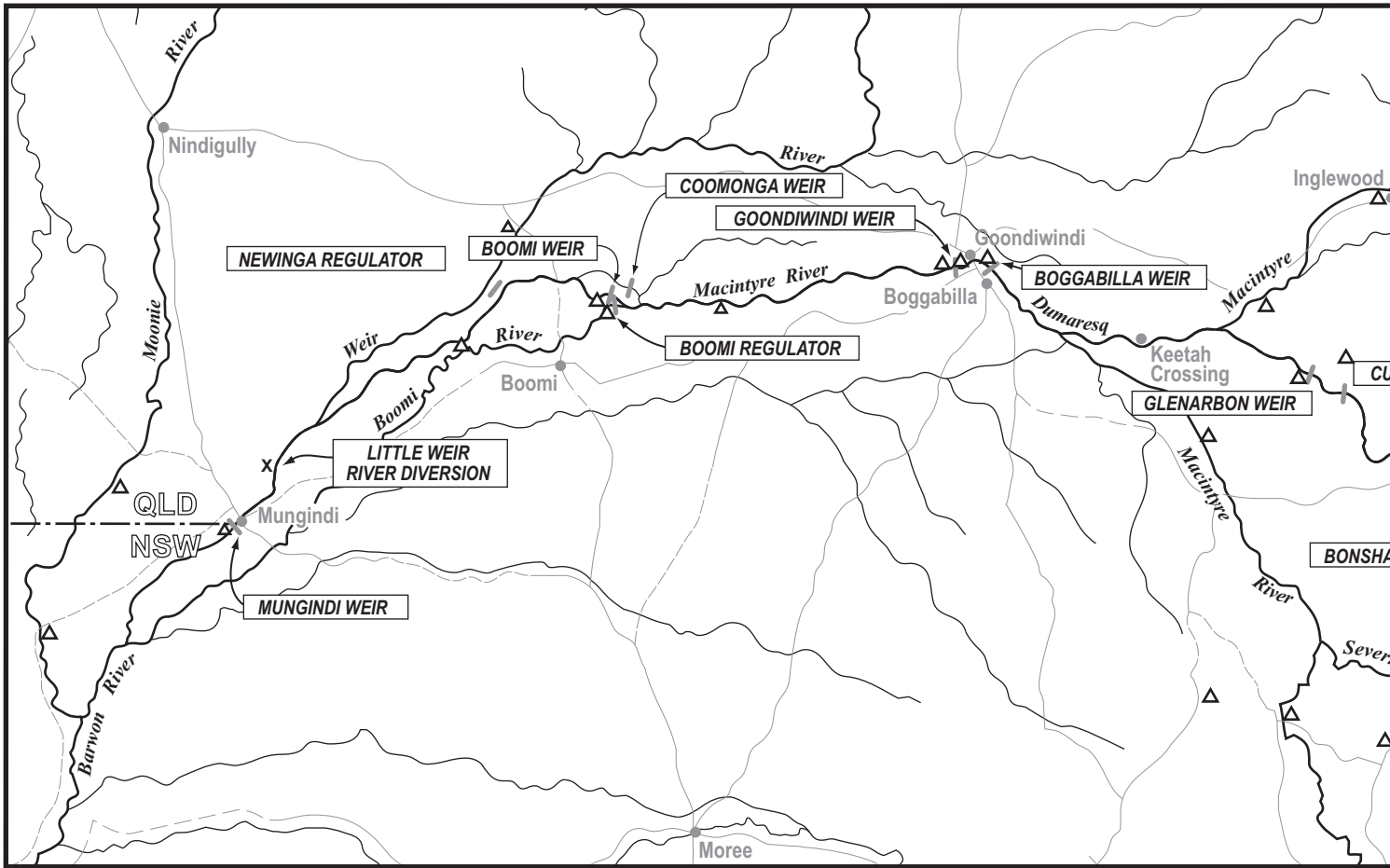
The Queensland Department of Natural Resources and Water continued to monitor water groundwater levels, on the Commission’s behalf, in the observation bore network established by the states in the Dumaresq River Groundwater Area. The network consists of 50 piezometers located in 36 bores in the area between Mingoola and Keetah. Due to the continued high level of groundwater use during the year and the ongoing drought conditions, the groundwater levels in most of the observation bores in the area were at or near historical low levels during the year.

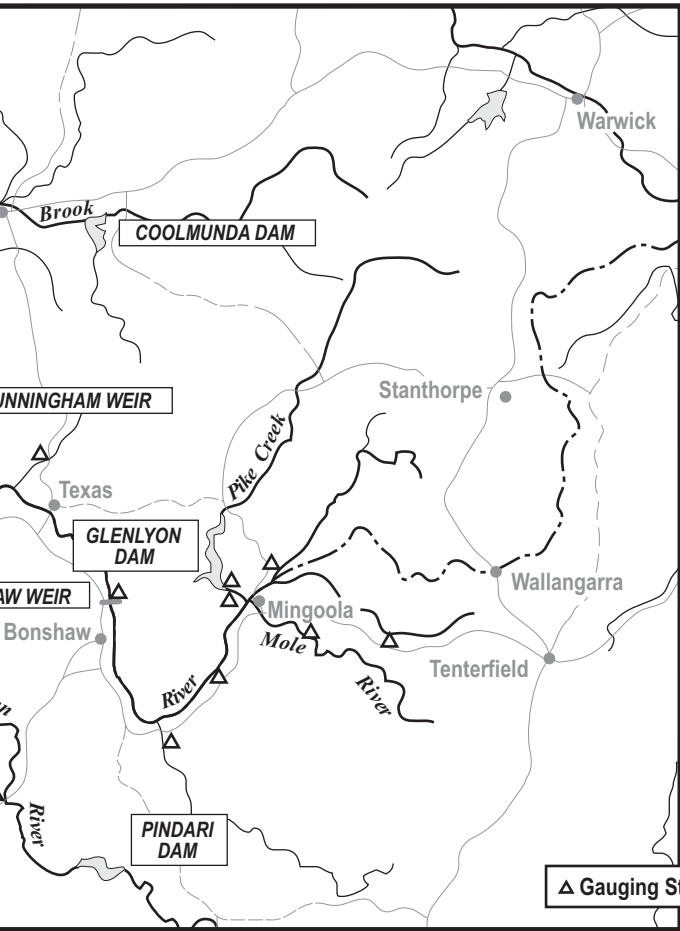
The plot of water levels in the observation bore in the vicinity of the Cunningham Weir is typical of the water levels in many of the observation bores.



During the year irrigators in the New South Wales and Queensland sections of the Dumaresq River Groundwater Area used 6,927 megalitres and 8,048 megalitres of groundwater respectively. The total quantity of groundwater used during 2006-07 (i.e. 14,975 megalitres) was well above the average annual use of approximately 9,600 megalitres over the past ten years.

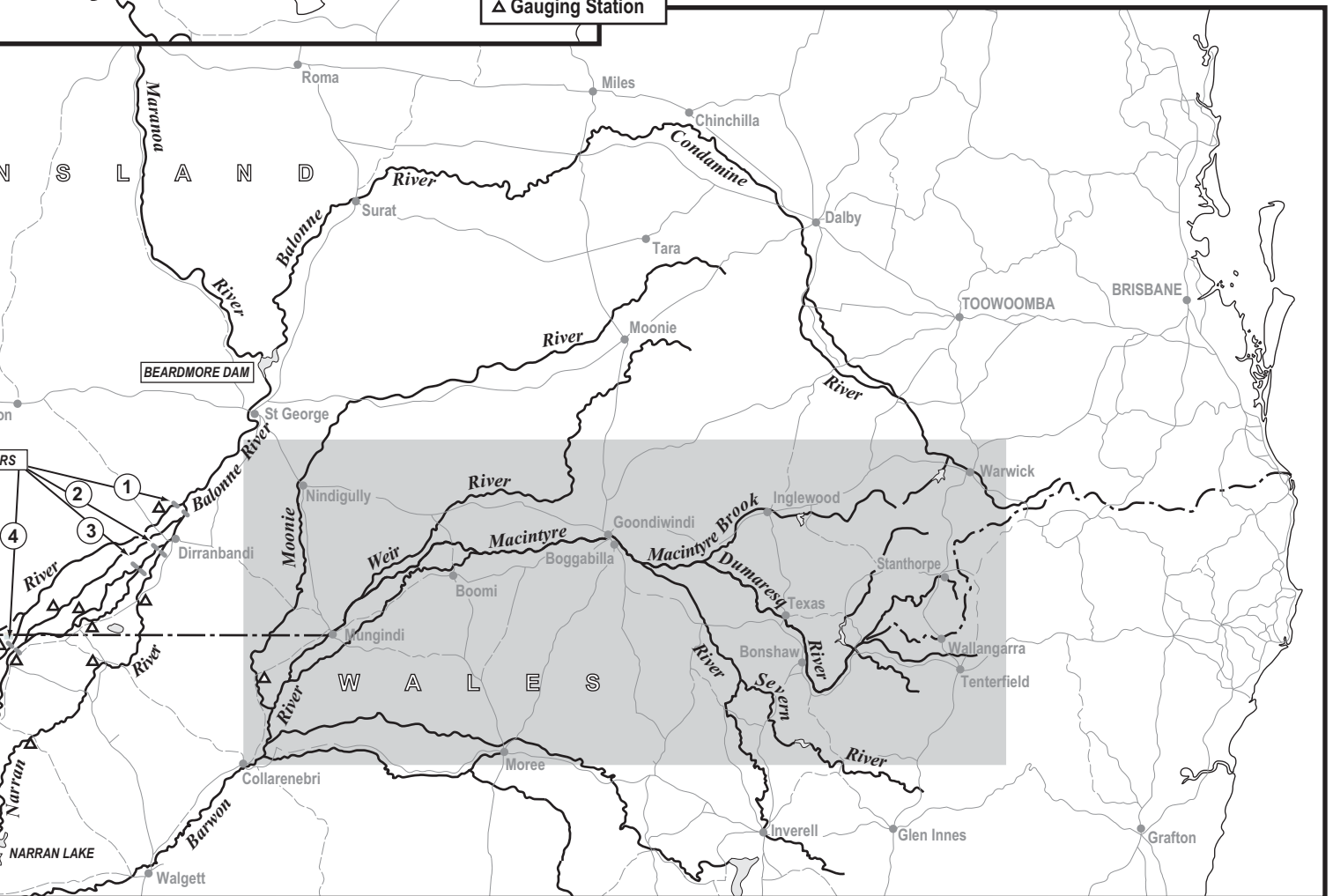






DUMARESQ - BARWON BORDER RIVERS COMMISSION OPERATIONS AREA

▲ Gauging Station



Future directions

With respect to the water resources of the Border Rivers and Intersecting Streams the Commission will continue to:

- provide input and liaise with the states on the development of the proposed new interstate water sharing agreement
- provide funding to the states to enable them to operate and maintain the Border Rivers and Intersecting Streams stream gauging and groundwater monitoring networks and to continue the current water quality monitoring program.

The business and our customers

Objectives

Provide responsible and accountable management of the Commission's resources in a cost effective and businesslike manner.

Implement change to address the water reform agendas of the shareholding governments as per the 1994 COAG Agreement and other national water initiatives.

Promote awareness of and involve customers and the public in water sharing and water management issues.

Strategic focus

The Border Rivers Commission is a "business" primarily responsible for providing water services to two customers. Those two customers are the state governments of Queensland and New South Wales.

Traditionally the work of operating and maintaining the Commission's infrastructure has been undertaken on the Commission's behalf by the Controlling Authorities of Queensland or New South Wales as prescribed in the Agreement or as otherwise arranged by the Commission. The Controlling Authorities under the Agreement are currently the Queensland Department of Natural Resources and Water and the New South Wales Department of Water and Energy.

Due to the water reforms in both states and the institutional changes that have resulted in the resource manager being clearly separated from the infrastructure manager, the "Controlling Authorities" no longer have the capacity to operate and maintain major water infrastructure. Consequently the Commission now employs the commercial water service providers in Queensland and New South Wales, SunWater and State Water respectively, to operate and maintain its works on its behalf. The two Departments, however, continue to undertake certain resource management type activities on behalf of the Commission.

Achievements during 2006-07

Summary of financial results

During 2006-07 the Commission received total revenue of \$2,314,710 comprising the 2007-08 call-up from the states of \$2,100,000, interest of \$192,696 and miscellaneous income of \$22,014. Total expenses from ordinary activities were \$2,705,483 which included depreciation of \$782,793. The Commission's net operating result for 2006-07 was a loss of (\$390,773). After allowing for depreciation, however, there was an operating cash surplus of \$392,020 to fund future works.

Customer consultation

The Border Rivers Water Services Advisory Committee (WatSAC) involving the agencies, the water service providers, the states' customers and the Commission, met on three occasions during the year to discuss and consider issues/concerns in relation to the provision of water services in the Border Rivers. Key issues discussed this year included the drought and operations during the drought as well as the trial new rules for sharing unregulated flows in the border Rivers.

Institutional reform investigations

In late March 2007 the Commissioners approved a report prepared by the BRC chair at the time, Mr Mike Montefiore, recommending that the Commission be reformed, in a minimalist

way, to enable it to function effectively in the current environment and agreed that the report be sent to the relevant Queensland and New South Wales Ministers.

In brief the chair recommended in his report that the main reforms required were for it to be made explicit that the Commission is to be the owner of the infrastructure under its control and that the Commission be clearly empowered to enter into contracts so as to fulfil its obligations.

Both Ministers have assured the Commission that the views and recommendations expressed in the chair's letter would be considered during the discussions with the Federal Government over the future management of the Murray Darling Basin as part of the National Plan for Water Security.

Website

The Queensland Department of Natural Resources and Water's Web and Publishing Services group developed a website for the Commission which has now been published. The website contains information about the Commission and the Commission's infrastructure as well providing access to copies of public documents including recent copies of the Commission's Annual Report and Annual Statistics report. It also provides contact details for the Commission. The address for the Commission's new website is www.brc.gov.au.

Consultants

Because the Commission is not a corporate body it is not able to enter into contracts with consultants. Consequently the Commission did not engage any consultants during 2006-07. If the Commission requires the services of consultants it seeks the assistance of either the Queensland Department of Natural Resources and Water or the New South Wales Department of Water and Energy who engage the consultants on the Commission's behalf under the appropriate state purchasing guidelines.

Insurance

The Commission's assets are insured under insurance held on the Commission's behalf by the Queensland Department of Natural Resources and Water and the New South Wales Department of Water and Energy through the Queensland Government Insurance Fund (QGIF) and the New South Wales Treasury Managed Fund (TMF) respectively. The cover held by the departments on behalf of the Commission also covers the Commission, its servants and the departments with respect to a public liability claim.

Risk management

The Commission has in place a two part strategy for managing risk. Firstly, it maintains a risk register to record identified "business" risks and to detail risk treatment strategies for those risks. Secondly, the Commission's operations and maintenance contractor, SunWater, is required to manage a risk management system relating to the infrastructure which it manages on the Commission's behalf.

Payment of accounts

The Commission paid all accounts during the year in a timely manner so as not to incur any interest for late payment.

Freedom of information

No freedom of information requests were received during the year.

Privacy management

The Commission complies with the privacy management requirements applying to the Queensland Department of Natural Resources and Water and the New South Wales Department of Water and Energy. No complaints were received during the year.

Production of the annual report

The cost of printing the 2005-06 Annual Report (400 copies) and 2005-06 Annual Statistics (400 copies) was \$2,499.

Copies of annual report

Paper copies of the Commission's annual report may be obtained from the Secretary of the Dumaresq-Barwon Border Rivers Commission at 203 Tor St or PO Box 318 Toowoomba Q 4350 or phone 07 4688 1010. Alternately the Commission's annual report may be viewed on or downloaded from the Commission's website. The address for the Commission's website is www.brc.gov.au.

Financial statements for the year ended 30 June 2007



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Dumaresq-Barwon Border Rivers Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial report of Dumaresq-Barwon Border Rivers Commission (the Commission), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Commission as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Board's Responsibility for the Financial Report

The members of the Board are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

My opinion does not provide assurance:

- about the future viability of the Commission,
- that they have carried out their activities effectively, efficiently and economically, or
- about the effectiveness of their internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



M T Spriggins
Director, Financial Audit Services

19 October 2007
SYDNEY



Dumaresq-Barwon Border Rivers Commission

Certificate under Section 41C (1B) and (1C) of the Public Finance and Audit Act 1983

Pursuant to the *Public Finance and Audit Act, 1983*, we declare that in our opinion:

- (a) The accompanying financial report exhibits a true and fair view of the financial position of the Dumaresq-Barwon Border Rivers Commission as at 30 June 2007, and transactions for the year then ended.
- (b) The report has been prepared in accordance with :
 - applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AIFRS));
 - other Authoritative pronouncements of the Australian Accounting Standards Board; and
 - the requirements of the *Public Finance and Audit Act 1983* and Public Finance and Audit Regulation 2005.
- (c) There are no circumstances which would render any particulars included in the financial report to be misleading or inaccurate.

Mr Ross Krebs
Commissioner
Representing QLD

Mr Bruce Morcombe
Accountant

12 OCT 2007

Mr Peter Christmas
Deputy Commissioner
Representing NSW

DUMARESQ-BARWON BORDER RIVERS COMMISSION

INCOME STATEMENT
for the year ended 30 June 2007

| | Notes | 2007 \$'000 | 2006 \$'000 |
|--|--------------|------------------------------|------------------------------|
| Expenses excluding losses | | | |
| Administrative allowances | 2a | 11 | 16 |
| Insurance | 2b | 61 | 71 |
| Fees for services - provided by the States | 2c | 1,838 | 1,600 |
| Depreciation | 2d | 784 | 600 |
| Other expenses | 2e | 11 | 9 |
| Total expenses excluding losses | | <u>2,705</u> | <u>2,296</u> |
| Income | | | |
| Contributions by the States | 3a | 2,100 | 2,100 |
| Investment income | 3b | 192 | 140 |
| Rental income | 3c | 22 | 19 |
| Total Income | | <u>2,314</u> | <u>2,259</u> |
| Other gains/(losses) | | | |
| Asset write-off | | <u>-</u> | <u>(140)</u> |
| | | <u>-</u> | <u>(140)</u> |
| Net Operating Result | | <u><u>(391)</u></u> | <u><u>(177)</u></u> |

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

BALANCE SHEET
for the year ended 30 June 2007

| | Notes | 2007 \$'000 | 2006 \$'000 |
|----------------------------------|-------|----------------------|----------------------|
| Current assets | | | |
| Cash and cash equivalents | 4 | 2,053 | 1,689 |
| Receivables | 5 | <u>2,316</u> | <u>2,328</u> |
| Total Current Assets | | <u>4,369</u> | <u>4,017</u> |
| Non Current Assets | | | |
| Property, plant and equipment | 6 | <u>68,700</u> | <u>64,661</u> |
| Total Non Current Assets | | <u>68,700</u> | <u>64,661</u> |
| Total Assets | | <u>73,069</u> | <u>68,678</u> |
| Current Liabilities | | | |
| Payables | 7 | <u>460</u> | <u>408</u> |
| Total Current Liabilities | | <u>460</u> | <u>408</u> |
| Total Liabilities | | <u>460</u> | <u>408</u> |
| Net Assets | | <u>72,609</u> | <u>68,270</u> |
| Equity | | | |
| Retained surplus | | 18,693 | 19,084 |
| Asset revaluation reserve | | <u>53,916</u> | <u>49,187</u> |
| Total Equity | 8 | <u>72,609</u> | <u>68,271</u> |

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**STATEMENT OF RECOGNISED INCOME AND EXPENSE
for the year ended 30 June 2007**

| | 2007 | 2006 |
|---|---------------------|---------------------|
| | \$'000 | \$'000 |
| Revaluation of Propert, Plant & Equipment | <u>4,730</u> | <u>10,085</u> |
| Net income recognised directly in equity | 4,730 | 10,085 |
| Net operating result | (391) | (177) |
| Total recognised income and expense for the period | <u>4,339</u> | <u>9,908</u> |

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

CASH FLOW STATEMENT
for the year ended 30 June 2007

| | Notes | 2007 \$'000 | 2006 \$'000 |
|--|-------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| <i>Inflows:</i> | | | |
| Contributions by the States | | 2,099 | 1,980 |
| Rental income | | 35 | 12 |
| Interest receipts | | 192 | 140 |
| Net GST input tax credits from Australian Taxation Office | | (10) | 183 |
| Other | | - | - |
| <i>Outflows:</i> | | | |
| Administrative allowances | | (12) | (8) |
| Insurance | | (61) | (79) |
| Payments to suppliers, employees etc | | (1,784) | (1,827) |
| Net GST remitted to Australian Taxation Office | | - | (187) |
| Other | | (2) | - |
| Net cash provided by (used in) operating activities | 10 | <u>457</u> | <u>214</u> |
| Cash flows from investing activities | | | |
| <i>Outflows:</i> | | | |
| Payments for property, plant and equipment | | (93) | - |
| Net cash provided by (used in) investing activities | | <u>(93)</u> | <u>-</u> |
| Net increase (decrease) in cash held | | 364 | 214 |
| Cash at beginning of financial year | | 1,689 | 1,475 |
| Cash at the end of financial year | 4 | <u><u>2,053</u></u> | <u><u>1,689</u></u> |

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

Objectives and Principal Activities of the Commission

The objective of the Dumaresq-Barwon Border Rivers Commission is to implement the agreement made between the governments of Queensland and New South Wales in relation to:

- sharing the waters of the rivers and streams which either form or intersect the boundary between the two states and the associated groundwater resources;
- the investigation, construction and operation of works to conserve and regulate those waters where considered desirable.

1. Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS).

This financial report is a general purpose financial report.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

The financial report includes the value of all income, expenses, assets, liabilities and equity of the Commission.

Except for land, buildings and infrastructure systems, which are recorded at fair value, the financial statements are prepared in accordance with the historical cost convention.

(b) The Reporting Entity

The Commission is a not-for-profit entity.

The Commission was constituted by an agreement in 1946 between the Governments of New South Wales and Queensland. The ratifying legislation is the *New South Wales-Queensland Border Rivers Act 1946* (Queensland) and *New South Wales-Queensland Border Rivers Act 1947* (New South Wales).

The Commission is responsible for the conservation and equal sharing of the waters of the Dumaresq River upstream of Mingoola; the regulation of the border rivers downstream of Mingoola and the equitable distribution of the waters of the streams which intersect the Queensland-New South Wales border, west of Mungindi. The main administrative office is currently located at 203 Tor Street, Toowoomba, Queensland 4350.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

Summary of significant accounting policies (continued)

Under the current agreement embodied in the constituting legislation, the two States, being New South Wales and Queensland, will continue to share equally the costs associated with the Commission's activities. The Commission has current arrangements commencing 1st April 2007 for secretarial support to be provided by officers of the Department of Natural Resources and Water (Queensland) and accounting support to be provided by the Department of Water and Energy (NSW). Prior to this current arrangement, the Department of Natural Resources, Mines and Water (Queensland) provided both secretarial and accounting support under an agreed five yearly rotational term.

The financial report has been authorised for issue by the Commission on 12 October 2007.

(c) Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured. The following specific criteria must also be met before income is recognised:

(i) Rendering of services

Income from a contract to provide services is recognised by reference to the stage of completion of the contract. When the contract outcome cannot be reliably measured, income is recognised only to the extent that costs have been incurred.

(ii) Interest

Interest income is recognised as it accrues.

(iii) Grants and Contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as income in the year in which the Commission obtains control over them. Where grants are received that are reciprocal in nature, income is accrued over the term of the funding arrangements.

(iv) Rental Income

Rental income is recognised on the basis of the contract and when the control of the right to receive the rentals has been attained.

(d) Cash and Cash Equivalents

For the Purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. Unpresented cheques drawn have also been deducted from the cash at bank balance. It also includes the Queensland Treasury Corporation capital guaranteed cash fund investment that is convertible readily to cash on hand at the Commission's option and is subject to a low risk of a change in value.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

Summary of significant accounting policies (continued)

(e) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement on these amounts is required within 14 days from invoice date. An allowance for impairment has not been established as it is considered by the Commission that all debts owing are recoverable.

(f) Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the asset ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB116 *Property, Plant and Equipment*.

(g) Property, Plant and Equipment

Items of property, plant and equipment, except intangibles, with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

| | |
|---|----------|
| Building and Infrastructure Assets | \$10,000 |
| Land | \$1 |
| Other (including heritage and cultural) | \$5,000 |

Items with a lesser value are expensed in the year of acquisition.

(h) Revaluations of Non-Current Physical and Intangible Assets

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Accounting Policies for the Queensland Public Sector*.

Plant and equipment, other than major plant and equipment, are measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

The Commission's physical non-current assets, except for plant and equipment were independently revalued as at 30 June 2006. Interim valuations using appropriate indices are otherwise performed on an annual basis where there has been a material variation in the index. Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation reserve relating to that class.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

Summary of significant accounting policies (continued)

A revaluation increment was applied to the Commission's physical non-current assets (excluding land) as at 30 June 2007 using the Queensland asset revaluation index: non-residential construction of 7.6%.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Only those assets, the total values of which are material compared to the value of the class of assets to which they belong, are comprehensively revalued.

The recoverable amount test has not been applied, as the Commission is a not-for-profit entity and the service potential of its non-current assets is not dependent on their ability to generate net cash inflows.

(i) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

Land is not depreciated as it has an unlimited useful life.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Commission.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Commission.

For each class of depreciable asset the following useful lives are used:

| Asset Category | Number of Years |
|---|------------------------|
| Buildings: | |
| Buildings - Workshop/Depot | 50 |
| Buildings - Houses/Office Complex | 75 |
| Water Infrastructure: | |
| Dam - Structural Components | 150 |
| Dam - Mechanical/Electrical Components | 25-45 |
| Major Weir - Structural Components | 70-100 |
| Major Weir - Mechanical/Electrical Components | 25-45 |
| Minor Weir - Regulator/Structural Components | 30-50 |
| Plant & Equipment: | |
| Plant & Equipment (at cost) | 3-10 |

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

Summary of significant accounting policies (continued)

(j) Impairment of Non-Current Assets

As a not for profit entity with no cash generating units, the Commission is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial

(k) Payables

Trade creditors are recognised upon the receipt of the goods or services ordered and are measured at the agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled within 14 to 30 days of invoice date.

(l) Insurance

The Commission's non-current physical assets and other risks are insured jointly through the Queensland Government Insurance Fund and the New South Wales Treasury Managed Fund Scheme of self-insurance for Government agencies. Premiums are paid on a risk assessment basis.

(m) Employee Benefits

The Commission does not employ any staff on a permanent basis. The staff used by the Commission are employed by the New South Wales and Queensland government agencies. The costs associated with the annual leave and long service leave of these staff are included in those agencies' claims for reimbursement of expenses incurred on behalf of the Commission and are included in the Commission's financial statements in the expense item "Fees for services - provided by the States".

(n) Financial Instruments Disclosures

A financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. For the Dumaresq-Barwon Border Rivers Commission financial instruments range from cash at bank, interest bearing deposits and accounts receivable to creditors. Financial Instruments are carried in the accounts at net fair value.

(i) Interest Rate Risk

Interest rate risk, is the risk that the value of the instruments will fluctuate due to changes in market interest rates. The entity's exposure to interest rate risk and the effective interest rates of financial assets and liabilities at the balance date are disclosed at Note 11.

(ii) Credit Risk

Credit Risk is the risk of financial loss arising from another party to a contract/or financial position failing to discharge a financial obligation thereunder. The entity's maximum exposure to credit risk is represented by the carrying amounts of the financial assets included in the Balance Sheet.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

Summary of significant accounting policies (continued)

(o) Taxation

The Commission is a state/territory body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the ATO are recognised and accrued.

(p) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest thousand.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-2007

2 Expenses excluding losses

| | 2007 \$'000 | 2006 \$'000 |
|---|------------------------|------------------------|
| (a) Administrative allowances | | |
| Salaries and wages | 10 | 15 |
| Superannuation | 1 | 1 |
| | <u>11</u> | <u>16</u> |
| (b) Insurance | | |
| NSW insurance | 22 | 32 |
| QLD insurance | 39 | 39 |
| | <u>61</u> | <u>71</u> |
| (c) Fees for services - provided by the States | | |
| Department of Water and Energy (NSW) | 493 | 347 |
| State Water Corporation (NSW) | 29 | 29 |
| Department of Natural Resources and Water (QLD) | 493 | 459 |
| SunWater (QLD) | 823 | 765 |
| | <u>1,838</u> | <u>1,600</u> |
| (d) Depreciation | | |
| Buildings | 39 | 21 |
| Infrastructure | 743 | 577 |
| Plant & Equipment | 2 | 2 |
| | <u>784</u> | <u>600</u> |
| (e) Other expenses | | |
| Audit fee | 8 | 7 |
| Bank fees and charges | 3 | 2 |
| Other expenses from ordinary activities | - | - |
| | <u>11</u> | <u>9</u> |

3 Income

| | | |
|---|--------------|--------------|
| (a) Contributions by the states | | |
| Department of Water and Energy (NSW) | 1,050 | 1,050 |
| Department of Natural Resources and Water (QLD) | 1,050 | 1,050 |
| | <u>2,100</u> | <u>2,100</u> |
| (b) Investments income | | |
| Interest on current account | 2 | 3 |
| Interest on QTC investment | 190 | 137 |
| | <u>192</u> | <u>140</u> |
| (c) Rental income | | |
| Rental Income - Glenlyon Dam | 22 | 19 |
| Rental Income-Boggabilla Weir | - | - |
| | <u>22</u> | <u>19</u> |

DUMARESQ-BARWON BORDER RIVERS COMMISSION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2006-07

| | 2007 \$'000 | 2006 \$'000 |
|-------------------------------------|----------------|----------------|
| 4 Cash and Cash Equivalents | | |
| Cash at bank and on hand | 173 | (292) |
| At call interest bearing investment | 1,880 | 1,981 |
| | <u>2,053</u> | <u>1,689</u> |

Cash at bank and on hand' The Cash at bank and on hand balance of \$173k does not represent a physical bank balance but rather the reconciled year end position of physical cash at bank of \$341k less unrepresented cheques totalling \$168k. This balance is as a result of the cash management strategy applied by the Commission to maximise interest earned on the investment.

Investments deposited with the Westpac Banking Corporation earned interest at rates between 0.05% to 2.75%. (2005-06: Westpac Banking Corporation 0.05% to 3.8%).

Investments deposited with the Queensland Treasury Corporation capital guaranteed fund earn interest at rates between 6.09% to 7%. (2005-06: Queensland Treasury Corporation 5.71% to 6.14%)

| | | |
|----------------------|--------------|--------------|
| 5 Receivables | | |
| Sundry debtors | 2,316 | 2,328 |
| | <u>2,316</u> | <u>2,328</u> |

| | | |
|---|---------------|---------------|
| 6 Property, Plant and Equipment | | |
| Buildings (at valuation) | 1,271 | 1,180 |
| Less: Accumulated Depreciation | (549) | (472) |
| | <u>722</u> | <u>708</u> |
| Water infrastructure systems (at valuation) | 94,485 | 87,726 |
| less: accumulated depreciation | (28,171) | (25,439) |
| | <u>66,314</u> | <u>62,287</u> |
| Land (at valuation) | 1,650 | 1,650 |
| | <u>1,650</u> | <u>1,650</u> |
| Plant and equipment (at cost) | 23 | 24 |
| less: accumulated depreciation | (9) | (8) |
| | <u>14</u> | <u>16</u> |
| Total Property, Plant and Equipment | <u>68,700</u> | <u>64,661</u> |

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6 Property, plant and equipment (continued)

| Reconciliation | Buildings | Water infrastructure systems | Land | Plant and equipment | Total |
|-----------------------------------|----------------|------------------------------------|----------------|------------------------|----------------|
| | 2007 \$'000 | 2007 \$'000 | 2007 \$'000 | 2007 \$'000 | 2007 \$'000 |
| Carrying amount at 1 July | 708 | 62,287 | 1,650 | 16 | 64,661 |
| Acquisitions | - | 93 | - | - | 93 |
| Revaluation increments | 53 | 4,677 | - | - | 4,730 |
| Disposals | - | - | - | - | - |
| Depreciation | (39) | (743) | - | (2) | (784) |
| Carrying amount at 30 June | 722 | 66,314 | 1,650 | 14 | 68,700 |

| Reconciliation | Buildings | Water infrastructure systems | Land | Plant and equipment | Total |
|-----------------------------------|----------------|------------------------------------|----------------|------------------------|----------------|
| | 2006 \$'000 | 2006 \$'000 | 2006 \$'000 | 2006 \$'000 | 2006 \$'000 |
| Carrying amount at 1 July | 404 | 53,511 | 1,384 | 18 | 55,317 |
| Acquisitions | - | - | - | - | - |
| Revaluation increments | 325 | 9,494 | 266 | - | 10,085 |
| Disposals | - | (140) | - | - | (140) |
| Depreciation | (21) | (578) | - | (2) | (601) |
| Carrying amount at 30 June | 708 | 62,287 | 1,650 | 16 | 64,661 |

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| | 2007 | 2006 |
|---------------------|-------------------|-------------------|
| | \$'000 | \$'000 |
| 7 Payables | | |
| Creditors | 67 | 224 |
| Accrued expenditure | 217 | 6 |
| Accrued audit fees | 9 | - |
| PAYG payable | - | 1 |
| Net GST payable | <u>167</u> | <u>177</u> |
| | <u>460</u> | <u>408</u> |

8 Changes in Equity

| | Accumulated Funds | | Asset Revaluation Reserve | | Total Equity | |
|---|-------------------|----------------|---------------------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Balance at the beginning of the year | 19,084 | 19,261 | 49,187 | 39,102 | 68,271 | 58,363 |
| Changes in equity - other than transactions with owners as owners | | | | | | |
| Increment/(decrement) on revaluation of: | | | | | | |
| Land and Buildings | | | 51 | 591 | 51 | 591 |
| Infrastructure assets | | | 4,678 | 9,494 | 4,678 | 9,494 |
| Surplus/(Deficit) for the year | (391) | (177) | | | (391) | (177) |
| <u>Total</u> | <u>(391)</u> | <u>(177)</u> | <u>4,729</u> | <u>10,085</u> | <u>4,338</u> | <u>9,908</u> |
| Balance at the end of the year | <u>18,693</u> | <u>19,084</u> | <u>53,916</u> | <u>49,187</u> | <u>72,609</u> | <u>68,271</u> |

9 Contingent Liabilities

| | | |
|-----------------|-----------------|-----------------|
| Number of cases | <u><u>1</u></u> | <u><u>1</u></u> |
|-----------------|-----------------|-----------------|

In light of recent changes to the accepted methods for estimating spillway design floods and the new Guidelines for the Acceptable Flood Capacity of Dams, February 2007 as published by the Queensland Department of Natural Resources and Water, the Commission is currently reviewing the flood hydrology for Glenlyon Dam to determine whether or not it will be necessary to increase its spillway capacity. Whilst initial indications were that the Commission would have to increase the capacity of the Glenlyon Dam spillway, it has not determined, at this stage, to what extent the capacity may need to be increased nor has it determined the timing or the cost of any upgrade which may be required. The states of Queensland and New South Wales are both aware of the possible need to provide funding to the Commission to upgrade the Glenlyon Dam spillway.

10 Reconciliation of net operating result to net cash provided by (used in)

| | | |
|--|--------------------------|--------------------------|
| Net operating result | (391) | (177) |
| Depreciation | 784 | 600 |
| Asset write-offs | - | 140 |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in accounts receivable | 12 | (337) |
| Increase (decrease) in accounts payable | 52 | (12) |
| Net cash provided by (used in) operating activities | <u><u>457</u></u> | <u><u>214</u></u> |

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11 Financial Instruments

Interest Rate Risk Exposure

The Commission's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities are shown in the following table.

| | Fixed Interest Rate Maturities | | | | | | |
|---|--------------------------------|---------------|----------------|--------------|----------------------|----------------------|--------------|
| | Weighted Average Rate: | Floating Rate | 1 Year or less | 1 to 5 Years | Greater Than 5 Years | Non Interest Bearing | Total |
| | % | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 30 June 2007 | | | | | | | |
| Financial Assets | | | | | | | |
| Cash Assets | | | | | | | |
| Cash at bank and on hand | 2.91 | 173 | - | - | - | - | 173 |
| Investments | 7.425 | - | 1,880 | - | - | - | 1,880 |
| Receivables | NA | - | - | - | - | 2,316 | 2,316 |
| Total Financial Assets | | 173 | 1,880 | - | - | 2,316 | 4,369 |
| Financial Liabilities | | | | | | | |
| Payables | NA | - | - | - | - | 460 | 460 |
| Total Financial Liabilities | | - | - | - | - | 460 | 460 |
| Net Financial Assets/(Liabilities) | | 173 | 1,880 | - | - | 1,856 | 3,909 |

Weighted average interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2007.

Credit Risk Exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets, as indicated in the Balance Sheet. The Commission has not created an allowance for impairment (see *Summary of Significant Accounting Policies - Note 1(e) Receivables*).

No significant credit risks have been identified.

Liquidity Risk

The Commission manages its liquidity risk as much as practicable through the effective application of cash management practices. These practices aim to reduce the exposure to liquidity risk by ensuring the Commission has sufficient funds available to meet supplier obligations at all times. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various supplier liabilities.

12 Post Balance Date Event

There are no known post balance date events that would have an effect on the Financial Report.

End of Audited Financial Report