

*Dumaresq-Barwon
Border Rivers Commission*



***Annual Report
2016-17***

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 2017.

ISSN 1839-4752

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

The Honourable Dr Anthony Lynham, MP
Minister for State Development and Minister for Natural Resources and Mines
PO Box 15216
CITY EAST Q 4002

Dear Dr Lynham

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Act 1946 I have pleasure in enclosing, for presentation to the Parliament, the Annual Report and Financial Statements of the Dumaresq-Barwon Border Rivers Commission for 2016-17.

I certify that this Annual Report complies with the prescribed requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2009.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warren Martin', with a stylized flourish at the end.

Warren Martin
Chair

A handwritten signature in blue ink, appearing to read 'Paul Sanders', with a stylized flourish at the end.

Paul Sanders
Commissioner for Queensland



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

The Honourable Niall Blair, MLC
Minister for Primary Industries, Minister for Regional Water &
Minister for Trade and Industry
GPO Box 5341
SYDNEY NSW 2001

Dear Mr Blair,

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Act 1947 and the Annual Reports (Statutory Bodies) Act 1984, I have pleasure in enclosing, for presentation to the Parliament, the Annual Report and Financial Statements of the Dumaresq-Barwon Border Rivers Commission for the year ended 30 June 2017.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warren Martin', with a long, sweeping tail.

Warren Martin
Chair

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The Dumaresq-Barwon Border Rivers Commission was established by the governments of Queensland and New South Wales under an agreement made in November 1946 called the New South Wales-Queensland Border Rivers Agreement. That agreement was 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 agreements 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 Supply (Safety and Reliability) Act 2008*.

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

2016-17 at a glance

Meetings

The Commission met once during the year and dealt with all other business out-of-session.

Commissioners

The previous Chair, Mr Warren Martin was reappointed for a period of five years until October 2021.

The State Commissioner and Deputy Commissioner positions for New South Wales were filled by Ms Monica Morona and Dr Christobel Ferguson respectively, also for a period of five years.

Institutional Reform

The Portfolio Ministers, having responsibility for the statutory oversight of the Commission's institutional management, endorsed in principle a Commission recommendation to advance proposed reform of the Commission's future role, rights and accountabilities.

Constraints within the Agreement

SunWater continued to express concerns of the constraint in the current Border Rivers Agreement limiting their commercial powers.

Improving the operating environment

The Commission undertook a series of activities to maintain and improve its operating environment. These included continuing with the Institutional Reform process and funding the development of a new Border Rivers Groundwater model for the shared alluvial resource.

Emergency event operations

With Glenlyon Dam remaining below 75% capacity throughout the year, there were no flows over the spillway and subsequently no emergency flow events recorded. No water quality or environmental emergencies occurred.

Water Sharing

With Glenlyon Dam commencing the year at approximately 26% capacity, limited volumes of regulated water were available to be extracted with 115,257 megalitres and 20,417 megalitres being diverted by New South Wales and Queensland respectively. These quantities fell within the approved allocations.

Pumping from flows in the Border Rivers not regulated by a major dam was above average with 110,116 megalitres of supplementary water and 210,000 megalitres of unsupplemented water being taken from the Border Rivers by New South Wales and Queensland respectively, again within approved announced allocations.

Groundwater use was below that in recent years with 3,138 megalitres and 4,706 megalitres taken from the Dumaresq River alluvial groundwater by New South Wales and Queensland respectively. The groundwater monitoring network funded by the Commission showed there has been a slight upward trend in groundwater levels within the Border Rivers Alluvium over the last 12 months.

Water Resource Management

In contrast to previous years, 2016-17 was relatively dry across all the catchments in the border region, evidenced by extended periods of low or no flow during the year.

At the end of 2016-17 Glenlyon Dam was at 75% capacity with the majority of private on-farm storages in the border region also at 75% of capacity or greater.

Beardmore Dam environmental, stock and domestic releases and intersecting streams behaviour

Releases for stored environmental, stock and domestic (ESD) water commenced in September 2016 for a two week period followed by a fortnight of waterharvesting. The release resulted in a flow-through-event on the Culgoa, Narran, Birrie and Bokhara river systems in late October. Further releases were made in February and March 2017. The releases in March were followed by 11 days of waterharvesting. These release resulted in a flow through of the Culgoa and Narran River systems. The Birrie and Bokhara River systems had flows reach downstream of the Goodooga river gauges. No significant inflows occurred to Beardmore Dam for the remainder of the water year. A total of 54,500 megalitres of ESD water was released across the 2016/17 year.

Financial position

The Commission during 2016-17:

- Received total revenue of \$2,732,000 comprising the call-up from the states of \$2,600,000, investment revenue of \$104,000 and other revenue of \$28,000;
- Had expenses due to ordinary activities of \$4,467,000 which included depreciation of \$1,886,000;
- Achieved a net operating deficit of \$3,041,000 and
- Had a cash balance of \$3,920,000 as at 30 June 2017, which will be available to fund future works and their operations over the shorter term.

Chair's Report

Over 2016-17, the Commission continued to successfully manage its statutory responsibilities associated with financial, water operations, asset management and water resources management functions.

The Queensland Audit Office reported no significant internal control deficiencies for 2016-17 but did identify actions necessary to address several risk exposures. The Commission has addressed these issues.

The Commission formally met on one occasion during the year in June 2017. Individual Commissioners, not acting as the Commission, met during the year on several occasions to participate in discussions on several key matters, two of which required further attention.

The first of these two matters related to the potential institutional reform of the Commission. In 2016, we obtained approval from both the Queensland and New South Wales Ministers to advance the preparation of a reform package. There was a meeting with members of a Working Group from New South Wales and Queensland agencies, who are charged with progressing the reform agenda.

The other matter was in relation to our business relations with SunWater, which provides the Commission with engineering and asset management services under a fee for service arrangement. In two meetings and teleconferences with management representatives of SunWater, provision of services in 2016-7 and 2017-18 were addressed and we moved toward resolution. Further dialogue with SunWater is continuing at officer and Commissioner level.

There is expectation, through more affirmative approaches, that each matter will be well advanced this year, with the most optimistic outcomes hopefully near resolution.

2016-17 was characterised by a change in the representation on the Commission. Two new New South Wales Commissioners, Ms Monica Morona, as the NSW Commissioner, from DPIWater, and Dr Christobel Ferguson, as the NSW Deputy Commissioner, also from that agency were appointed in September and October respectively. My term as Chair expired in October 2016 and I was reappointed in December 2016 until 2021.

The annual "call-up" from each State to fund the Commission's activities was increased to \$1.3 million this financial year and is the first such increase in eight years.

I wish to thank SunWater and WaterNSW for their operation and management of the Commission's works and delivery of water to the states during the year and the NSW Department of Primary Industries, Water and the Queensland Department of Natural Resources and Mines for their support during 2016-17.

I also thank the States' Commissioners and Deputy Commissioners, the Commission's Accountant and Secretary/Project Officer and members of the

Management Committee and the Border Standing Committee and other departmental staff from both States, for their dedication, efforts and support during the year.

Special thanks go to Mr Chris Dunbar, our Accountant and Mr Steve Goudie, Chair of our Management Committee, each of whom has stepped down after providing much useful advice to the Commission over many years.

The Border Rivers Commission does not participate in compliance management of water users along the Border Rivers as that role rests with each State's agency. The Commission's compliance audit role is in relation to each State's bulk water use and I advise that each state did not divert in 2016-17 more water than its allotted share.

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Warren Martin
Chair
Dumaresq Barwon Border Rivers Commission

The Commission

Purpose

The Commission was established by the States of New South Wales and Queensland to give effect to the New South Wales-Queensland Border Rivers Agreement (the Agreement) 1946 as ratified by the *New South Wales-Queensland Border Rivers Act 1946* (Queensland) and the *New South Wales-Queensland Border Rivers Act 1947* (New South Wales).

Commission's duties and functions

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

- determine the quantities of water available to the states, under the agreed water sharing arrangements, from the Border Rivers and from the shared dams and weirs
- control the construction, operation and maintenance of works taken over or constructed through the Commission under the Agreement
- investigate matters to enable the Commission to exercise the powers and discharge the duties conferred upon it by the Agreement
- report and make recommendations to the governments of New South Wales and Queensland regarding the construction/maintenance of works, sharing the waters of the Intersecting Streams, sharing groundwater and other matters
- arrange for river flows and groundwater levels to be effectively monitored.

In addition to its statutory functions the Commission has arranged for water quality in the Border Rivers and the Intersecting Streams to be monitored by agencies in New South Wales and Queensland.

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, and Paroo 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
- the Border Rivers alluvial groundwater shared resource upstream from Keetah bridge to the junction of the Dumaresq and Mole Rivers.

The Commission

The Commission consists of three commissioners. One is appointed by the Governor of Queensland; another by the Governor of New South Wales; 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. Each state may also appoint a deputy commissioner to act in the case of illness or absence of a commissioner.

The Commissioners

Mr WH (Warren) Martin

Commissioner and Chair of the Commission

Mr Martin was reappointed as Chair until 7 October 2021. Mr Martin is a civil engineer with significant experience in hydrology and water resources management including the development and implementation of water resources policy and institutional reforms.

Mr PR (Paul) Sanders

Commissioner representing Queensland

Mr Sanders is currently appointed to the position until 29 June 2021. During 2016-17 Mr Sanders was Regional Manager, Water Services, South Region in the Queensland Department of Natural Resources and Mines.

Commissioner representing New South Wales

Ms Monica Morona was appointed to the position of Commissioner representing New South Wales from 7 September 2016 until 6 September 2021. During 2016-17, Ms Morona was Director Intergovernmental and Strategic Stakeholder Relations, in the New South Wales Department of Primary Industries, Water.

The States' Deputy Commissioners

Ms A (Audrey) Van Beusichem

Deputy Commissioner representing Queensland

Ms Audrey Van Beusichem is currently appointed to the position until 29 June 2021. During 2016-17 Ms Van Beusichem was Director, Water Planning(South) in the Department of Natural Resources and Mines.

Dr C (Christobel) Ferguson

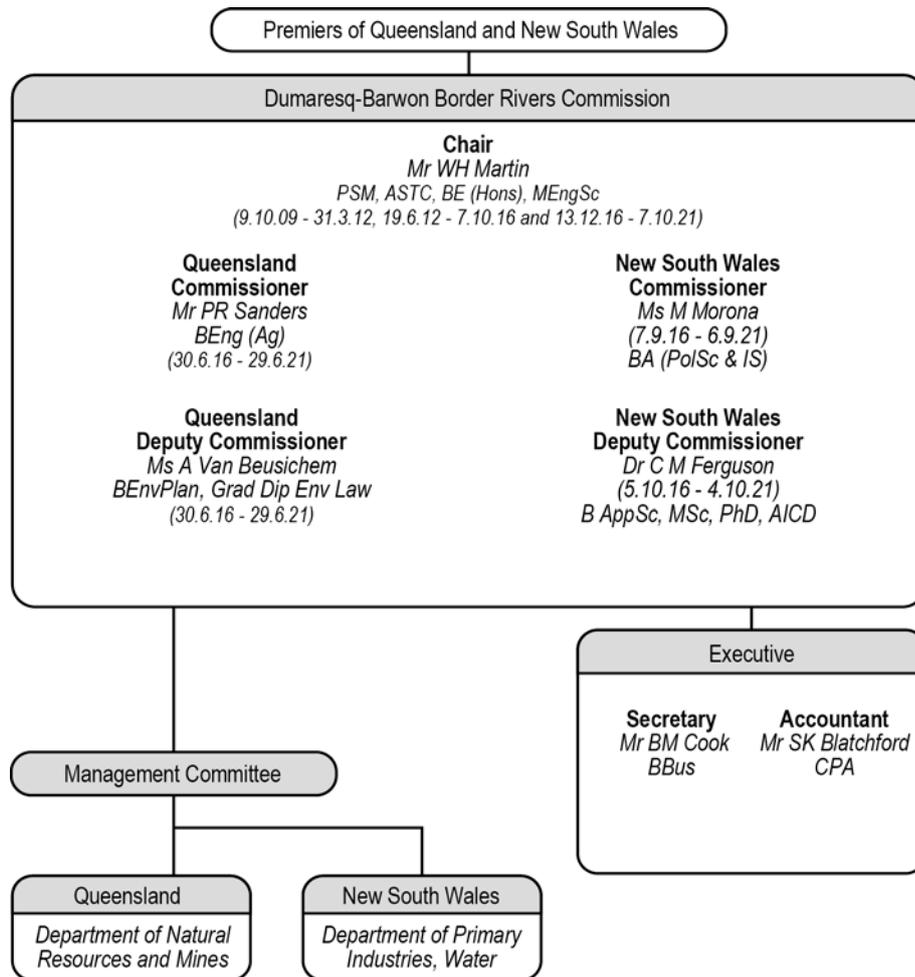
Deputy Commissioner representing New South Wales

Dr Ferguson was appointed to the position for the period from 5 October 2016 to 4 October 2021. During 2016-17, Dr Ferguson was Director Water Information & Insights in the New South Wales Department of Primary Industries, Water.

Administrative Support

Administrative support to the Commission was provided by its secretary Mr Brian Cook, and its accountant, Mr Stephen Blatchford. Mr Cook and Mr

Blatchford are employees of the Queensland Department of Natural Resources and Mines.



Meetings

The Commission met formally on one occasion during the year. Meeting No 180 of the Commission was held in Brisbane on 23 June 2017. The Chair, Mr Martin, and all Commissioners and Deputy Commissioners attended this meeting. All other business during the year was conducted out-of-session.

Management Committee

A Management Committee, comprising staff from the Queensland Department of Natural Resources and Mines, the Queensland Department of Energy and Water Supply and the New South Wales Department of Primary Industries, Water manages the day-to-day affairs of the Commission on its behalf.

During 2016-17 the management committee consisted of Ms AP (Anna) Bailey and Mr AJ (Andrew) Scott both of the New South Wales Department of Primary Industries, Water and Mr CA (Craig) Gordon of the Queensland Department of Energy and Water Supply and Mr SL (Steve) Goudie of the Queensland Department

of Natural Resources and Mines. The chair of the management committee is traditionally rotated between the states at two yearly intervals with Ms Bailey being the chair in 2016-17. The management committee met formally on two occasions during the year on 16 November 2016 and 30 May 2017. Other business during the year was conducted out-of-session.

Access

The Commission may be contacted through its secretary as follows:

The Secretary

Dumaresq-Barwon Border Rivers Commission

c/- Department of Natural Resources and Mines

PO Box 318

Toowoomba Q 4350

Phone: (07) 4529 1242

Fax: (07) 4529 1554

Email: brc@dnrm.qld.gov.au.

Web: www.brc.gov.au.

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 the integrity of the 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 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 or constructed after the date of the Agreement. The Commission aims to ensure the infrastructure it controls is operated and maintained in accordance with best practice, dam safety conditions and standards and the relevant Asset Management Plans, Risk Management Policies, Operations and Maintenance Manuals, Standing Operating Procedures and Emergency Action Plans as outlined in the Strategic Asset Management Plan.

The Commission has arrangements with the Queensland water service provider, SunWater Limited, and the New South Wales water service provider, WaterNSW, to provide asset facility management and river management services respectively on its behalf.

Further details of the infrastructure controlled by the Commission may be found in its report, *Annual Statistics 2016-17*, which is available from the Commission or from its web site.

KEY OUTCOMES DURING 2016-17

Dam safety

To meet the required dam safety provisions for Glenlyon Dam, the annual periodic inspection and also the annual reviews of the Data Book, Emergency Action Plan, Standing Operating Procedures and Operations and Maintenance Manual were completed.

Regular and routine dam surveillance activities were performed at all other works in accordance with industry standards and best practice. There were no major issues arising from such surveillance.

Emergency event operations

With Glenlyon Dam remaining below full capacity throughout the year, there were no flows over the spillway and subsequently no emergency flow events recorded. No environmental emergencies were recorded.

Water service provider obligations

There were no water quality matters experienced with the Glenlyon Dam town water supply system during 2016-17.

Planned maintenance and renewals

The Commission continued its program of planned maintenance and renewals to maintain the infrastructure under its control in good order, as advised by its service provider, SunWater Limited.

Asset management

The Commission undertook its annual scheduled maintenance program with the majority of work being performed at Glenlyon Dam and Boggabilla Weir by SunWater.

Public access and recreation

The Commission continued to provide and maintain recreation facilities at Glenlyon Dam to cater for the public interested in picnicking, swimming, recreational fishing, boating and water skiing. The caravan park and camping area are operated by private lessees and they provide facilities for those wishing to stay longer. It was estimated that approximately 33,000 people visited Glenlyon Dam during the year, which was a slight increase over the previous year.

FUTURE DIRECTIONS

Works to be commenced, advanced and/or completed during 2017-18 include:

- continuing to seek governments' resolution of the submission made in 2015-16 to reform the institutional management of the Border Rivers Commission;
- contractual arrangements with SunWater Ltd;
- installation of a concrete plinth to strengthen Bonshaw Weir; and
- continue activity to advance the re-engineering of the outlet works at Whyenbah Bifurcation Weir.

Water resources management

OBJECTIVES

Provide timely and relevant 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, management and delivery.

Monitor the water quality in streams to identify emerging aquatic issues affecting river health.

Investigate and monitor the quality and quantity of the underground water resources in the Border Rivers regions and provide advice to the states on the quantities available for use.

STRATEGIC FOCUS

The Commission is accountable for overseeing the implementation of the agreed arrangements for sharing the waters of the Border Rivers between the states as prescribed in the New South Wales-Queensland Border Rivers Agreement (the Agreement) and the New South Wales-Queensland Intergovernmental Agreement 2008.

In addition, the Commission is responsible for ensuring that effective and uniform systems are in place to monitor and record river heights and flows in the Border Rivers and Intersecting Streams and groundwater levels in the alluvial aquifers associated with the Dumaresq River.

New South Wales and Queensland agencies undertake the required monitoring funded by the Commission. The data obtained is utilised for assessing the quantities of water available for sharing by the States, regulating flow in the Border Rivers to meet environmental and economic use, as well as input to each states' water resource planning and management activities.

Whilst it is not a statutory requirement under the Agreement, the Commission supports a coordinated program undertaken by the states to monitor water quality in both the Border Rivers and the Intersecting Streams to obtain an ongoing record of key water quality indicators and to identify emerging water quality issues.

In 2016-17, the Commission has continued to focus on reforms to the institutional framework under which it performs its statutory responsibilities. The Commission is of the opinion it is time to resolve a number of concerns within that framework, which the two governments have agreed in principle to address.

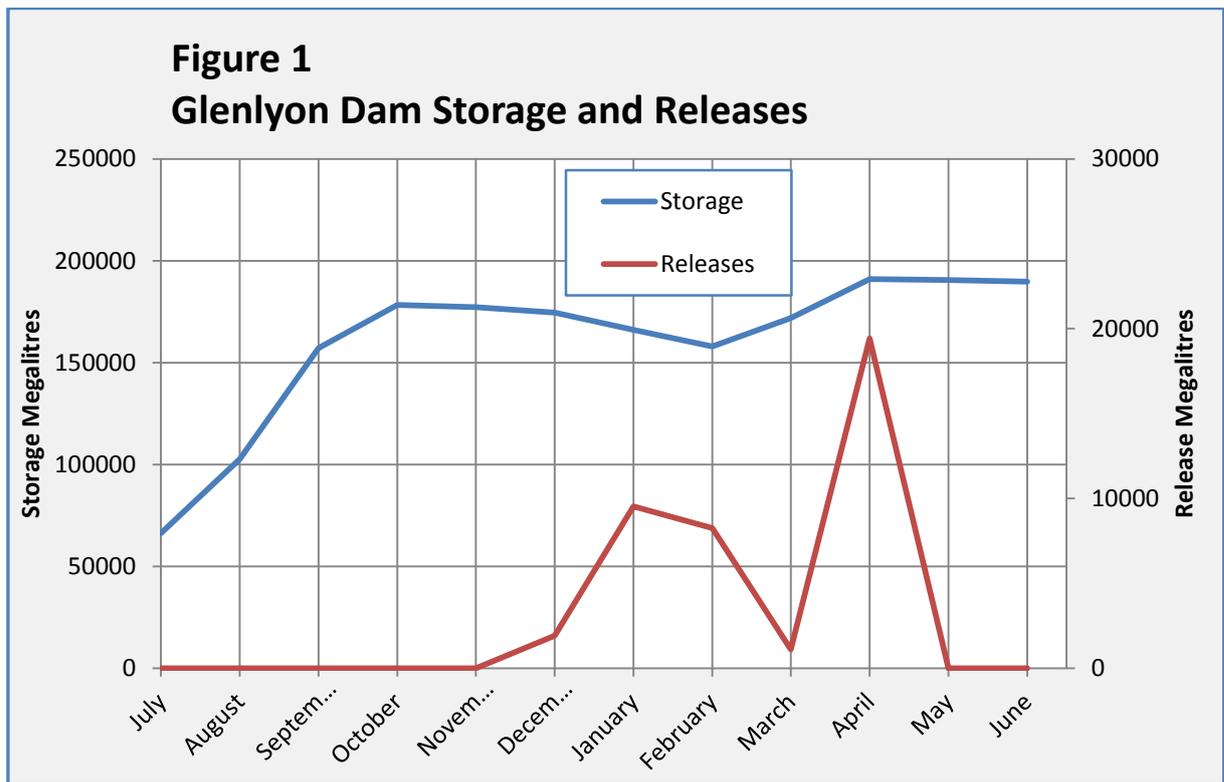
KEY OUTCOMES DURING 2016-17

Water sharing

Resource assessments were routinely carried out by the Commission at least once per month, and more often when required, to calculate the volumes of regulated water in the Border Rivers available to be shared between the two states. During the year, the total volume of water that was distributed to New South Wales and Queensland accounts were 430,940 megalitres and 98,550 megalitres respectively.

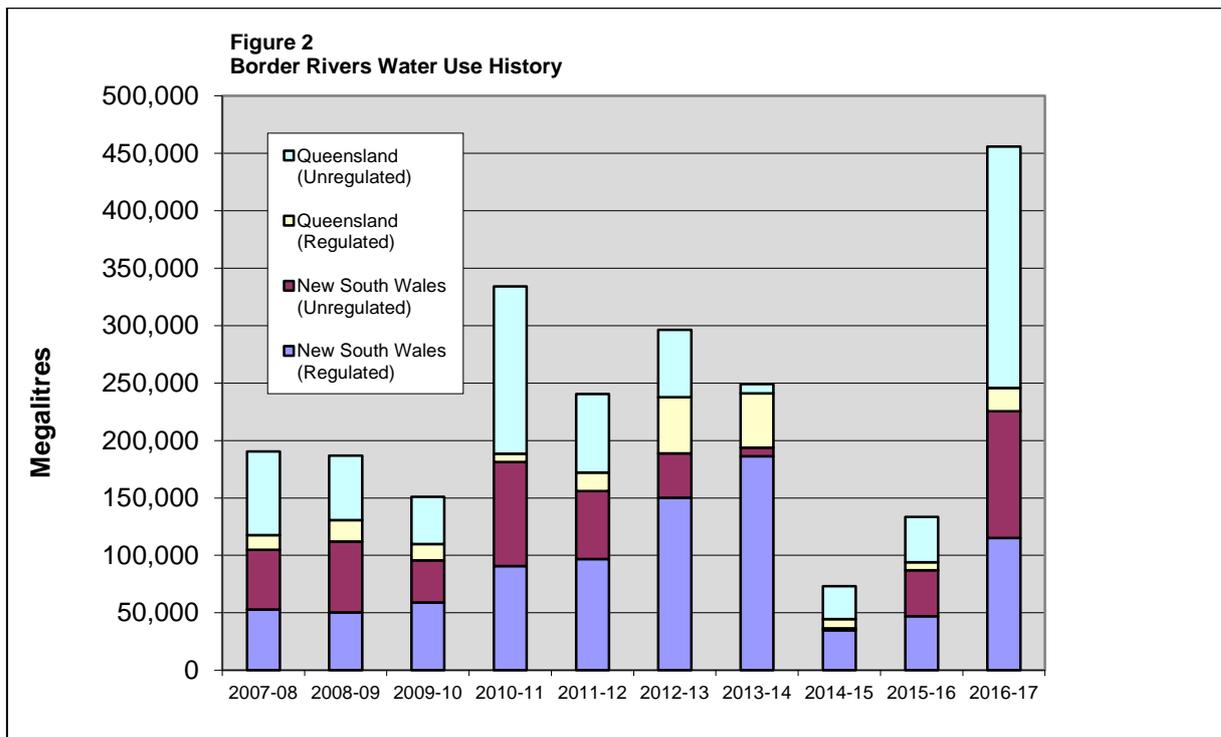
Favourable climatic conditions during the year saw the storage level at Glenlyon Dam rise significantly during the months of August through to October as shown in Figure 1.

During the year, the volume of water distributed to the general use accounts in New South Wales and Queensland were 301,240 megalitres and 60,850 megalitres respectively. The volume of regulated water diverted by New South Wales and Queensland water users were 115,250 megalitres and 20,420 megalitres respectively.



During the year water users were granted opportunities to pump unregulated water from the Border Rivers with New South Wales and Queensland diverting 110,000 megalitres and 210,000 megalitres respectively. These diversions fell within the approved announced volumes.

Figure 2 illustrates the history of regulated and unregulated water use by both states from the Border Rivers since 2008.



Beardmore Dam environmental, stock and domestic releases

Releases for stored environmental, stock and domestic (ESD) water commenced in September 2016 for a two week period followed by a fortnight of waterharvesting. The release resulted in a flow-through-event on the Culgoa, Narran, Birrie and Bokhara river systems in late October. Further releases were made in February and March 2017. The releases in March were followed by 11 days of waterharvesting. These release resulted in a flow through of the Culgoa and Narran River systems. The Birrie and Bokhara River systems had flows reach downstream of the Goodooga river gauges. No significant inflows occurred to Beardmore Dam for the remainder of the water year. A total of 54,500 megalitres of ESD water was released across the 2016/17 year.

Stream gauging and flow history

The Commission continued to provide funding to the New South Wales Department of Primary Industries, Water and the Queensland Department of Natural Resources and Mines to operate and maintain a network of 49 river gauging stations including 26 in the Border Rivers catchment and 23 on the Intersecting Streams to the west of Mungindi. In accordance with the Agreement, the states provided the Commission with the streamflow data it required for river operations and water sharing purposes.

Flow in the Border Rivers

The prevailing weather conditions across the Border Rivers catchment was generally consistent with average recordings for the entire 2016/17 water year. While there were a number of meaningful rainfall episodes recorded during the year, there were two (2) particular periods where catchment runoff resulted in significant stream flow events. These events occurred either side of the summer season in spring 2016 (Sept/Oct) and autumn 2017 (Mar/Apr). This is reflected in the above average flow of 1,624,000 megalitres (or 1.5 times the average annual flow) passing Goondiwindi and good inflow to the three major headworks storages. In addition to this, the end of

system flow passing Mungindi for the water year was 398,000 megalitres for the year.

Flow in the intersecting streams

The recorded flows across the intersecting streams were generally higher than for the previous year. While all catchments benefitted from a rainfall event in September 2016, only the catchments to the east benefitted from the effects of cyclone Debbie in March/April 2017 (i.e. Condamine Balonne, Moonie and Border Rivers). The western catchments of Warrego, Paroo, Bulloo and Nebine have experience extremely dry conditions with either sporadic low flow or no flow in the 6 month period from January to June 2017.

Runoff across the intersecting streams have resulted in significant differences in the cross border flows for those streams: -

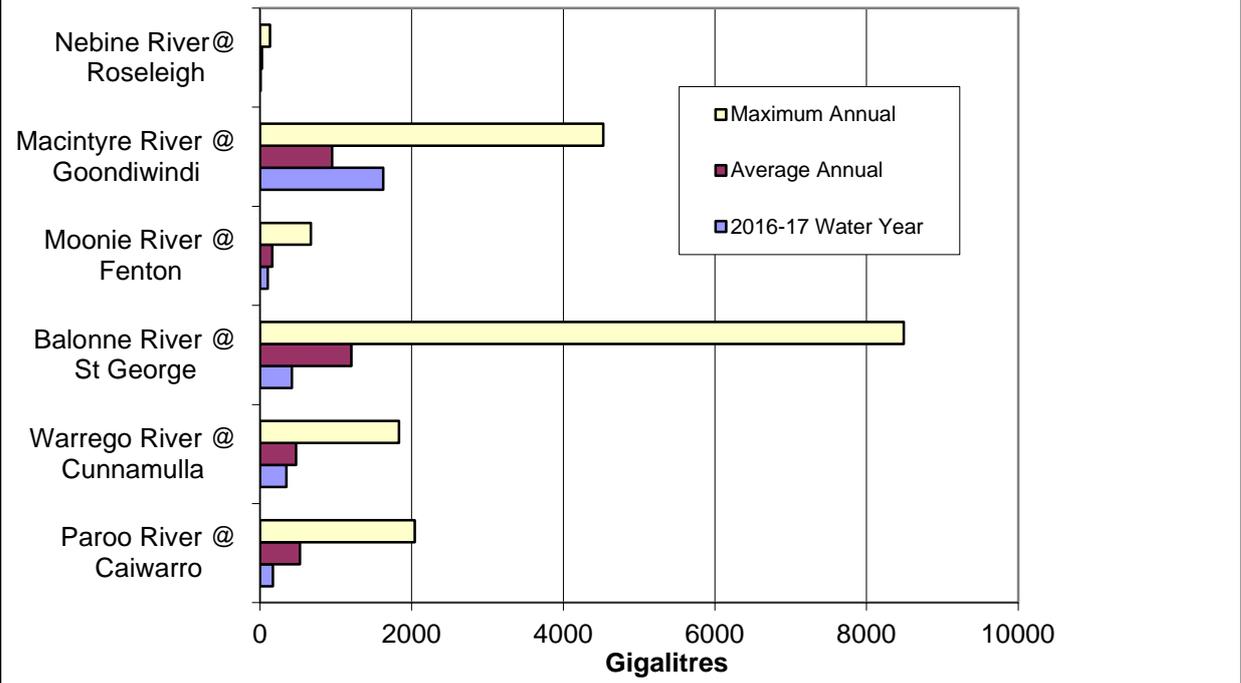
- The largest flow was recorded in the Warrego River with 346,000 megalitres passing the Cunnamulla stream gauging station;
- The smallest flow was recorded in the Nebine Creek with 10,000 megalitres passing the Roseleigh stream gauging station;
- In the Lower Balonne Distributary System, a total of 118,000 megalitres passed the stream gauging stations on the Narran, Bokhara, Ballandool and Culgoa Rivers, immediately upstream of the New South Wales – Queensland border.

Refer to Figure 3 for details of this range.

Unregulated flow events

In the Border Rivers there were two very sizable flow events, (a prolonged flow event extending from the latter part of winter into spring and another in the early part of autumn). These flow events were declared to be unregulated by the Border Rivers Commissions and water users in each state were allowed access to an equivalent of 24 days and 9.5 days respectively. During the second event in autumn 2017, many of the water users in New South Wales had reached their annual volumetric limit and did not take full advantage of this announced access.

Figure 3
Border & Intersecting Streams - Selected Flow Comparisons



Water Quality

The Border Rivers catchment covers almost 50,000 square kilometres and forms a part of the Murray Darling Basin (MDB) (Qld DNRM, 2002). The New South Wales-Queensland border divides the catchment in roughly equal parts, with the Dumaresq / Macintyre River forming the boundary between the two states. The Border Rivers are regulated by three dams, Glenlyon Dam on Pikes Creek (Qld), Coolmunda Dam on Macintyre Brook (Qld) and Pindari Dam on the Severn River (NSW) (Burrell *et al.*, 2013).

The Intersecting Streams includes the Narran, Bokhara Culgoa, Narran-Bokhara, Birrie, Paroo and Warrego Rivers. These rivers originate in Queensland flowing south and intersecting with the state border to join with the Barwon-Darling River system. Having a semi-arid climate, the rivers of the Intersecting Streams are largely ephemeral in nature, mostly characterised by large flow events followed by periods with little or no flow, drying down to a series of persistent waterholes in the drier times.

The Border Rivers and Intersecting Streams water quality programs were established in the early 1990s as a coordinated catchment-based water quality program (DBBRC, 2010). The programs aim to provide a long-term quality assured dataset to describe the baseline condition of the river systems and identify emerging issues. WaterNSW delivers and manages these two programs on behalf of the Dumaresq-Barwon Border Rivers Commission (DBBRC).

Water quality monitoring is undertaken at sixteen sites in the Border Rivers and six sites in the Intersecting Streams on a monthly basis. The water quality parameters used for this report are electrical conductivity, turbidity, total nitrogen and total phosphorus.

Electrical Conductivity

Oaky Creek, Macintyre Brook and Pike Creek at the Glenlyon Dam tail water recorded the highest medians of electrical conductivity within the Border Rivers. All these sites had medians that were above 390 $\mu\text{s}/\text{cm}$. The highest individual value recorded was also at Oaky Creek during July 2016 with 670 $\mu\text{s}/\text{cm}$.

In the Intersecting Streams the highest values for electrical conductivity occurred in the Bokhara River with a maximum reading of 436 $\mu\text{s}/\text{cm}$ occurring in April 2017 and having a median value of 260 $\mu\text{s}/\text{cm}$. The end of system site, Barwon River at Mungindi recorded a median value of 213 $\mu\text{s}/\text{cm}$.

With the exception of the highest recorded value at Oaky Creek, all the values for the Intersecting Streams and Border Rivers were below the ANZECC 2000 guideline for irrigation of salt sensitive crops of 650 $\mu\text{s}/\text{cm}$. This indicates that the water from these rivers was suitable to irrigate most crops grown in the Border Rivers and Intersecting Streams catchment areas during 2016-2017.

When comparing the 2016-2017 electrical conductivity medians to that of the past five years for both Border Rivers and Intersecting Streams, the median values are generally a little lower than that of the previous years for most sites. Electrical conductivity is generally strongly correlated to river flow and it is likely that these lower values for 2016-2017 are the result of a different flow regime for 2016-2017 than that of the previous years. This assumption would require more investigation to be more definitive.

Turbidity

All the turbidity results clearly reveal an increasing trend as the sample sites progress further downstream and further West of the Great Dividing Range. There is a sharp rise in turbidity once the river passes Boggabilla in the mid-catchment where the Macintyre-Barwon River changes morphology to an agriculturally productive floodplain environment.

The least turbid site in the Border Rivers for 2016-2017 was Pike Creek below Glenlyon Dam with a median of 9.0 NTU. This low result is to be expected as the water captured by the storage allows most of the sediments to drop out of suspension before the water is released from the dam. The highest median recorded was from the Weir River with a median result of 465 NTU. The highest recorded individual result also occurred in the Weir River. This was from September 2016 with a result of 2,000 NTU, likely coinciding with a flow event also recorded during September 2016. The end of system site at Barwon River at Mungindi recorded a median result of 93 NTU.

The highest individual result for turbidity in the Intersecting Streams occurred in the Warrego River during June 2017 with a result 1,927 NTU. Interestingly this does not coincide with any notable flow events. The sediments at this site are very fine by nature and tend to be easily suspended in the water column.; It is likely this result could be due to high winds or local animals disturbing the sediments.

Medians for the Border Rivers were not that largely different to the previous years. The Intersecting Streams have historically returned high turbid results and this year was no different, with medians generally similar to the previous years. One

exception was the Bokhara River whose median was 604 NTU. The turbidity medians for this site have been progressively increasing over the last five years.

Nutrients

In the Border Rivers, it was the Weir River that had the highest turbidity levels and not surprisingly this site also returned the highest individual results for total phosphorous (TP) and total nitrogen (TN) with 0.364 mg/L for TP and 2.26 mg/L for TN. These high values occurred in June 2017. This high result coincides with dwindling rivers flows of less than 15ML/day. The median results for the Weir River were 0.17 mg/L for TP and 1.42 mg/L for TN.

The end of system site for the Border Rivers is the Barwon River at Mungindi. Analyses of samples collected from this site shows that the medians for TN at Mungindi have steadily climbed from 0.66 mg/L in 2011-12 to 0.92 mg/L in 2016-17. TP for Mungindi is also up on previous years with a median result of 0.11 mg/L. This result may indicate the increasing agricultural activity in the catchment.

The highest median results for both TP and TN in the Intersecting Streams were in the Bokhara River which returned a TP median of 0.27 mg/L and a TN median of 1.27 mg/L. The highest recorded result for TP 0.71 mg/L occurred in the Warrego River during January 2017 and for TN it was in the Paroo River with a result of 2.87 mg/L occurring in April 2017. When comparing TP and TN to historical medians, the Intersecting Streams gave no surprises with all sites similar to previous years.

For the intersecting streams and the Border Rivers the sites that had the highest medians for turbidity also had the highest medians for both of the nutrients TP and TN. However the highest individual results recorded in the Intersecting Streams were not from the sites that returned the highest medians.

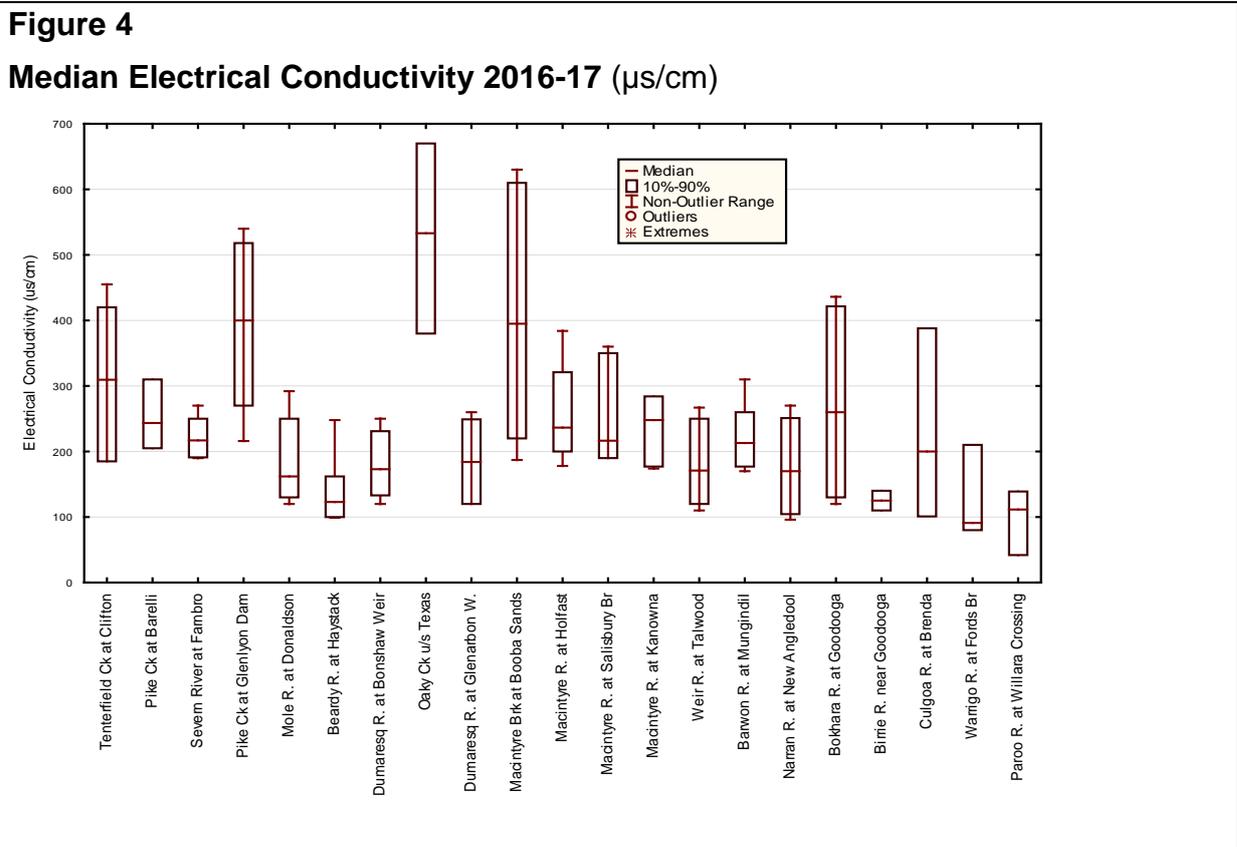
Major findings

All the electrical conductivity values for both the Intersecting Streams and Border Rivers projects, with the exception of the highest value recorded at Oaky Creek, were under the guideline for irrigation of salt sensitive crops. This indicates that water from these rivers was suitable for most crops grown in the Border Rivers and Intersecting Streams catchment areas during 2016-2017.

Turbidity in the Bokhara River has been progressively increasing over the last five years. Weir River continues to be the most turbid site in the Border Rivers. There is a sharp rise in turbidity once the river passes Boggabilla in the mid-catchment where the Macintyre River changes morphology to an agriculturally productive floodplain environment.

Weir River had the highest medians for total phosphorous and total nitrogen in the Border Rivers while the Bokhara River had the highest medians of these two nutrients in the Intersecting Streams. Results for Barwon River at Mungindi revealed that the medians for total nitrogen at Mungindi have steadily climbed over the last five years and that total phosphorous for Mungindi is also up on previous years. This may be indicative of increasing agricultural activity in the catchment could possibly warrant further investigation.

Figure 4 illustrates the variations in conductivity at a number of the water quality monitoring stations in the Border Rivers catchment and in the intersecting streams.



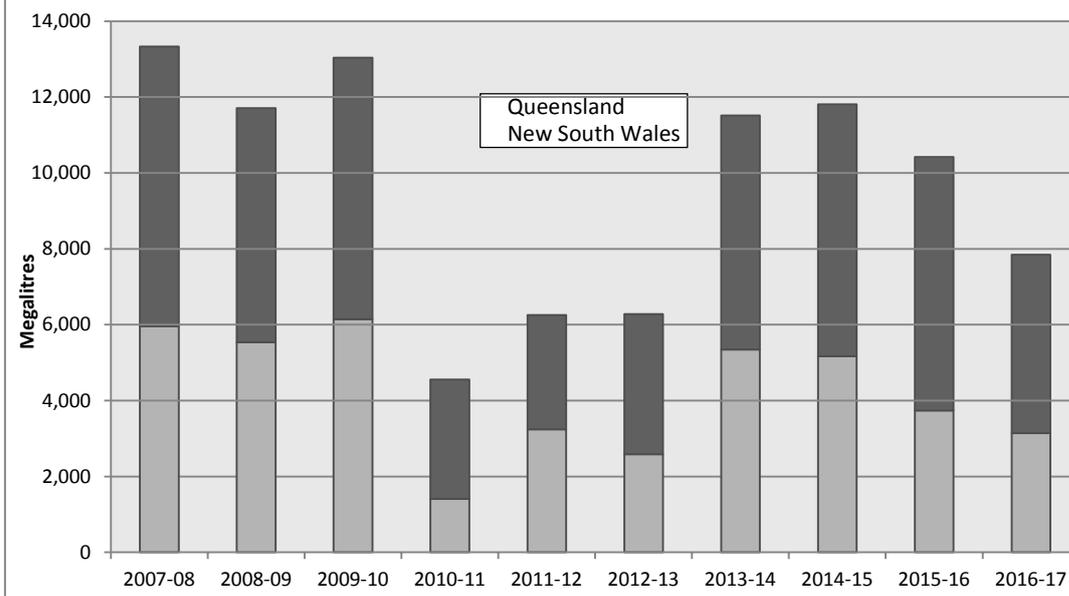
Groundwater

During the year, irrigators in the New South Wales and Queensland sections of the Border Rivers Alluvial shared resource used 3138 megalitres and 4706 megalitres of groundwater respectively. This represented approximately 20 per cent of entitlement for New South Wales and 32 per cent for Queensland. This level of use was lower than that of the previous water year for both New South Wales and Queensland as illustrated in Figure 5.

On 1 June 2012 the *Water Sharing Plan for the New South Wales Border Rivers Unregulated and Alluvial Water Sources* commenced under the *Water Management Act 2000*. The area covered by the plan includes the New South Wales Border Rivers Upstream of Keetah Bridge Alluvial Groundwater Source. The legislation facilitates the separation of water licence from the land title. Water entitlement can now be traded independent of land ownership. The total number of unit shares of the resource will remain the same and usage will be restricted to the long term average extraction limit.

In Queensland, the Water Resource (Border Rivers) Plan 2003 was amended to incorporate groundwater (above the Great Artesian Basin) in December 2014. It is not planned to provide for tradable water entitlements until the current transitional resource operations plan is replaced and accredited in accordance with the Basin Plan timeframe of 2019.

Figure 5
Dumaresq River Groundwater Area Use 2007-08 to 2016-17



The Queensland Department of Natural Resources and Mines continued to monitor groundwater levels on the Commission’s behalf in the shared alluvial aquifers associated with the Dumaresq River in both New South Wales and Queensland via a network of monitoring bores consisting of 52 piezometers in 36 bores located in the area between Mingoola and Keetah.

Work continues on the development of a new Border Rivers Alluvial Groundwater Model which the Commission agreed to fund. The Queensland Department of Science, Information Technology and Innovation has been contracted via the Queensland Department of Natural Resources and Mines to produce the new model. Its completion, including peer review and implementation is planned for late 2017.

FUTURE DIRECTIONS

With respect to the management of the water resources of the Border Rivers and Intersecting Streams, the Commission under current arrangements will continue to:

- ensure that the agreed water sharing arrangements are implemented
- ensure the structural and hydraulic integrity of its water infrastructure is maintained through asset management plans, which cover routine maintenance, regular planned inspections and risk assessments
- provide funding to the states to operate and maintain the existing stream gauging and groundwater monitoring networks
- monitor water quality at sixteen sites on the Border Rivers and six sites on the Intersecting Streams and
- finalise the development of a new model for the Border Rivers shared alluvial groundwater resource.

The business and our customers

OBJECTIVES

Provide responsible and accountable management of the Commission's assets and the Border River systems water 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 National Water Initiatives.

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

STRATEGIC FOCUS

The Dumaresq Barwon Border Rivers Commission manages a "business" responsible for securing and providing bulk water services to two customers, the State of Queensland and the State of New South Wales.

Traditionally the work of operating and maintaining the Commission's infrastructure was undertaken on the Commission's behalf by the two state departments responsible for water. However, as a result of the water reforms and the institutional changes in both states, the state departments no longer have the responsibility to operate and maintain major water infrastructure. SunWater Ltd and WaterNSW have undertaken these roles for a number of years now.

As a result, the Commission now employs SunWater Limited and WaterNSW to provide commercial services to operate and maintain its works on its behalf. The two state departments responsible for water management, the New South Wales Department of Primary Industries, Water and the Queensland Department of Natural Resources and Mines, continue to undertake resource-monitoring activities on behalf of the Commission and to assist in administrative management. From July 2016, WaterNSW has provided the monitoring services in New South Wales.

The Commission's five year forward projections indicate that annual expenditure will be directed 50% to infrastructure refurbishment/maintenance and river operations; 35% per cent to surface water and groundwater monitoring and 15% to planning and administration.

KEY OUTCOMES DURING 2016-17

Summary of financial results

During 2016-17, the Commission received total revenue of \$2,732,000 comprising the call-up from the states of \$2,600,000, investment revenue of \$104,000 and other revenue of \$28,000. Total expenses due to ordinary activities were \$4,467,000 which included depreciation of \$1,886,000. The Commission's net operating result for 2016-17 was a deficit of \$3,041,000.

The Commission had a cash balance of \$3,920,000 as at the 30 June 2017, which will be available to fund future works and their operations.

Consultation

It was necessary during 2016-17 for the Commission to ensure close working relationships were maintained with personnel in SunWater and WaterNSW, each

being engaged in managing the Commission's assets and/or in delivering water through the border river system.

There were structured liaison arrangements in place to ensure that the Commission was regularly advised of decisions and actions undertaken through the *Border Standing Committee*. Significant issues raised in 2016-17 were:-

- the transfer of functions from DPIWater to WaterNSW;
- advances by SunWater Limited to seek formal service contracts in delivering services to the Commission and
- constraints in the tools available to develop the failure flood footprint from Glenlyon Dam along the border river.

In other areas of responsibility Commission personnel have maintained liaison with the Murray Darling Basin Authority and various other departments in both states.

The Commission was not approached by water users, nor did it approach water users during 2016-17.

Arrangements for the provision of services to the Commission

Discussions continued again during 2016-17 with SunWater Limited, which provides the majority of the asset management and operation services required by the Commission about the arrangements under which it provides these services. SunWater has previously advocated that its service provider relationship with the Commission should be formalised through a contract. The Commission, not being a corporate entity, cannot enter into contracts in its own right. It is anticipated implementation of the institutional reform of the Commission will successfully address this.

External initiatives relating to water management of the Border Rivers System

Implementation of the Murray-Darling Basin Plan continued to be a strong focus in 2016-17. The Murray-Darling Basin Authority, with support from the Commonwealth, Queensland and New South Wales governments and other stakeholders finalised the Northern Basin Review which investigated whether the water recovery targets in the northern valleys of the Murray Darling Basin set by the Basin Plan should be altered. The review recommendations included a reduction in the water recovery target across the Northern Basin from 390 gigalitres to 320 gigalitres on the basis that the Australian, Queensland and New South Wales governments agree to implement a number of so-called 'toolkit measures' designed to improve water management. The MDBA have also recommended a suite of toolkit measures to deliver improved ecological outcomes in river systems. These measures included:

- targeted recovery of water, both in terms of geographic location and the class of entitlement, to improve environmental benefits;
- improvements to state water management arrangements to safeguard low flows across the north (particularly in the Condamine-Balonne and Barwon-Darling);
- implementation of a proposed infrastructure measure at the Gwydir wetlands;
- installation of works, such as fishways and cold water pollution mitigation mechanisms, to promote native fish health through improving their ability to move through the river system and access habitat in the northern Basin

- a preference for water recovery based on irrigation infrastructure improvements rather than through water entitlement purchasing
- consideration of support for measures to address the concerns of Aboriginal people in the northern Basin
- consideration by governments for further support to impacted communities, particularly for Dirranbandi and Warren.

The MDBA has proposed an amendment to the Murray-Darling Basin Plan to give effect to the change in the Sustainable Diversion Limit and has conducted a formal public submission process. The amendment to the Basin plan remains an ongoing process.

Commonwealth water recovery activities across 2016-17 focused on on-farm infrastructure programs^[1] rather than direct purchase with an increase in Commonwealth Environmental Water Office (CEWO) holdings. State agencies continue to work with the CEWO on the management of these entitlements to achieve Basin Plan outcomes. Environmental outcomes from the use of Commonwealth held water are reported by the CEWO.

In addition to the Northern Basin Review, during 2016-17 New South Wales and Queensland formally commenced the review of the States Water Resource Plans for accreditation under the Murray-Darling Basin Plan. During the year Queensland formally submitted the Water Resource Plan for the Warrego-Paroo-Nebine to the MDBA for accreditation. These plan reviews are scheduled for completion by June 2019 and further significant progress is planned for the 2017-18 year.

Institutional reform investigations

Progress continued to be made in regards to Institutional Reform this year with the Commission receiving in-principle support from both State Ministers.

A key focus of the Commission during 2017-18 will be to advance the institutional reform to the Commission's roles, rights and obligations using resources and facilities provided by the States. A working group has been formed with members from both States water departments and others to progress the reform agenda.

Website

The Commission's website at <www.brc.gov.au> was updated during the year as required to include the latest editions of the Commission's Annual Report and Annual Statistics report. Copies of the Annual Statistics, dating back to the first year of publication in 1999, were also made available on the site. The website framework is regularly examined and updated for currency and scope.

^[1] Queensland: Healthy HeadWaters Water Use Efficiency program

New South Wales: Sustaining the Basin: Irrigated Farm Modernisation program

Consultants

Because the Commission is not a corporate body, its ability to enter into contracts is uncertain and therefore any organisations providing services to the Commission, including consultants, are engaged on the Commission's behalf by one or other of the states' water service providers or by the relevant New South Wales or Queensland government departments. No consultants were engaged on the Commission's behalf during 2016-17.

Insurance

The Commission's assets are insured under policies held on the Commission's behalf by the Queensland Department of Natural Resources and Mines and the New South Wales Department of Primary Industries, Water through the Queensland Government Insurance Fund (QGIF) and the New South Wales Treasury Managed Fund (TMF) respectively. The Commission, its servants and the departments are covered in those arrangements with respect to any public liability claim. No claims were made during 2016-17

Internal audit and risk management

The Commission has in place a three-part strategy for managing risk, namely

- Firstly, the Commission maintains a risk register to record identified institutional and business risks and to detail risk treatment strategies for each of those risks;
- Secondly, from time to time, the Department of Natural Resources and Mines undertakes an internal audit of the Commission's financial processes and practices on its behalf; and
- Thirdly, SunWater as the Commission's operations and maintenance service provider, maintains on the Commission's behalf a best practice risk management system relating to the Commission's infrastructure.

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/Right to Information

No right to 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 Mines and the New South Wales Department of Primary Industries, Water. No complaints were received during the year.

Overseas travel

No Commissioners, officers of the Commission or employees of the Controlling Authorities who support the activities of the Commission undertook any overseas travel during 2016-17 related to any Commission related activity.

Other legislative requirements

The Commission complies with the requirements of other relevant legislation in Queensland and New South Wales through the adoption of the practices and procedures implemented by the Queensland Department of Natural Resources and Mines and the New South Wales Department of Primary Industries, Water. No evident breach of compliance occurred during 2016-17.

Production of the Annual Report

Due to new Annual Reporting guidelines in both states and the fact the report was compiled and printed in-house, the cost of printing the 2016-17 Annual Report and 2016-17 Annual Statistics was minimal.

Copies of Annual Report

Paper copies of the Commission's Annual Report may be obtained by contacting the Secretary of the Dumaresq-Barwon Border Rivers Commission at 203 Tor Street or PO Box 318 Toowoomba Q 4350, by phoning 07 4529 1242 or by email at <brc@dnrm.qld.gov.au>. Alternately, the Commission's Annual Report may be viewed on or downloaded from the Commission's website. The address of the Commission's website is <www.brc.gov.au>.

FUTURE DIRECTIONS

Apart from the Commission continuing to meet its statutory responsibilities, significant projects/activities in relation to our business and our customers which will be commenced, advanced and/or completed during 2017-18 include:

- continued dialogue with the Controlling Authorities and other relevant agencies in both states and Border River water users to progress the Institutional Reform process;
- completion of the new Border Rivers Alluvial Groundwater Model;
- completion of key performance indicators for those Commission activities not likely to be subject to significant institutional reform;
- design and installation of a new regulator on Whyenbah Weir and
- installation of a concrete plinth to strengthen Bonshaw Weir.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

2016-17 Financial Statements

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of comprehensive income
for the year ended 30 June 2017**

	Notes	2017 \$'000	2016 \$'000
Income from Continuing Operations			
Grants and other contributions	2a	2,600	2,200
Interest Income	2b	104	102
Other revenue	2c	28	22
Total revenue		2,732	2,324
Expenses from Continuing Operations			
Supplies and services	3a	2,562	2,054
Depreciation	3b	1,886	1,782
Other expenses	3c	20	25
Total Expenses from Continuing Operations		4,468	3,861
Operating Result from Continuing Operations		(1,736)	(1,537)
Other comprehensive income			
Items that will not be classified subsequently to operating result:			
(Decrease)/Increase in asset revaluation surplus	7	(1,306)	2,254
Total Other Comprehensive Income		(1,306)	2,254
Total Comprehensive Income		(3,042)	717
Total comprehensive income attributable to:			
Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW)		(1,521)	358
Department of Natural Resources and Mines(Qld)		(1,521)	358
Total Comprehensive Income		(3,042)	717

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Statement of financial position
for the year ended 30 June 2017

	Notes	2017 \$'000	2016 \$'000
Assets			
Current Assets			
Cash and cash equivalents	4	3,920	3,693
Receivables	5	69	29
Total Current Assets		3,989	3,722
Non-Current Assets			
Property, plant and equipment	7	133,581	136,771
Total Non-Current Assets		133,581	136,771
Total Assets		137,570	140,493
Liabilities			
Current Liabilities			
Payables	8	662	546
Total Current Liabilities		662	546
Total Liabilities		662	546
Net Assets		136,905	139,947
Equity			
Accumulated funds		2,709	4,445
Asset revaluation surplus	10	134,196	135,502
Total Equity		136,905	139,947

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of changes in equity
for the year ended 30 June 2017**

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance at 1 July 2016		4,445	135,502	139,947
Operating Result from Continuing Operations		(1,736)		(1,736)
Total Other Comprehensive Income				-
Increase in Asset Revaluation Surplus	7		(1,306)	(1,306)
Balance at 30 June 2017		2,709	134,196	136,905
Balance at 1 July 2015		5,982	133,248	139,230
Operating Result from Continuing Operations		(1,537)		(1,537)
Total Other Comprehensive Income				-
Increase in Asset Revaluation Surplus	7		2,254	2,254
Balance at 30 June 2016		4,445	135,502	139,947

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of cash flows
for the year ended 30 June 2017**

	Notes	2017 \$'000	2016 \$'000
Cash flow from operating activities			
Inflows			
Grants and Other Contributions		2,600	2,200
Interest		104	102
Other		(12)	26
GST Collected from customers		260	220
GST input tax credits from ATO		231	241
Outflow			
Supplies and Services		(2,445)	(2,271)
Other		(20)	(25)
GST Paid to Suppliers		(243)	(218)
GST Remitted to ATO		(248)	(214)
Net cash provided by operating activities	9	226	61
Cash flow from investing activities			
Outflow			
Payments for Property, Plant and Equipment		-	-
Net cash used in investing activities		-	-
Net increase in cash and cash equivalents		226	61
Cash and cash equivalents at beginning of financial year		3,693	3,632
Cash and cash equivalents at end of financial year	4	3,919	3,693

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

Objectives and Principal Activities of the Commission

Note 1	Summary of Significant Accounting Policies
Note 2	Income from Continuing Operations
Note 3	Expenses from Continuing Operations
Note 4	Cash and Cash Equivalents
Note 5	Receivables
Note 6	Prepayments
Note 7	Property, Plant and Equipment
Note 8	Payables
Note 9	Reconciliation of Operating Result to Net Cash provided by Operating Activities
Note 10	Asset Revaluation Surplus by Class
Note 11	Key Executive Management Personnel and Remuneration
Note 12	Contingent Liabilities
Note 13	Financial Instruments
Note 14	Commitments for Expenditure
Note 15	Events occurring after Balance Date

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

Objectives and principal activities of the Commission

The objective of the Dumaresq-Barwon Border Rivers Commission (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;
- the investigation, construction and operation of works to conserve and regulate those waters where considered desirable.

1 Summary of Significant Accounting Policies

(a) Statement of Compliance

The Commission was constituted by an agreement made 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).

Under Part IV Section 31 of the Agreement, the Commission shall be audited at least once in every year by the Auditors-General of New South Wales and Queensland or such one of them as may be agreed upon from time to time by the Premiers of New South Wales and Queensland. On October 8, 2012, the Premier of Queensland signed an instrument of agreement that the Auditor General of the State of Queensland shall conduct all financial audits for the 2011-2012 and subsequent financial years.

As the Auditor General of Queensland took over responsibility to audit the Commission's financial statements from the year ended 30 June 2012, the Commission has prepared these financial statements in compliance with section 42 of *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis (except for Statement of Cash Flow which is prepared on a cash basis) in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2017, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Commission has applied those requirements applicable to not-for-profit entities, as the Commission is a not-for-profit Commission. Except for land, buildings and infrastructure systems, which are recorded at fair value, the historical cost convention is used.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in note 1(w).

(b) The Reporting Entity and Authorisation of Financial Statements for Issue

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Commission.

The Commission is responsible for controlling the construction, operation and maintenance of the water infrastructure assets taken over by it or constructed under the Agreement and to regulate and implement the agreed sharing arrangements in relation to the Dumaresq, Macintyre and Barwon Rivers where they form the boundary between the States of Queensland and New South Wales. The main administrative office is currently located at 203 Tor Street, Toowoomba, Queensland 4350.

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 for secretarial and accounting support to be provided by the Department of Natural Resources and Mines (Queensland).

The financial statements are authorised for issue by the Commissioners at the date of signing the Management Certificate.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(c) Grants and Contributions

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

(d) User Charges and Other Revenue

User charges and fees controlled by the Commission are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. The following specific criteria must be met before revenue is recognised:

(i) Interest

Interest income is recognised as it accrues.

(ii) 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.

(e) Cash and Cash Equivalents

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 2017 as well as deposits at call with financial institutions. It also includes the Queensland Treasury Corporation capital guaranteed cash fund investment that is readily convertible to cash on hand at the Commission's option and is subject to a low risk of a change in value.

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 14 days from invoice date. There are no trade debtors as at 30 June 2017.

(g) Acquisitions of Assets

Historical 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 AASB 116 Property, Plant and Equipment.

(h) Property, Plant and Equipment

Items of property, plant and equipment 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
Plant and Equipment	\$5,000

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

(i) Revaluations of Property, Plant and Equipment

Land, buildings and infrastructure are measured at fair value in accordance with AASB 116 Property, Plant and Equipment, AASB 13 Fair Value Measurement and Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector.

These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable. In respect of the abovementioned asset classes, the cost of items acquired during the financial year has been judged by management of the Commission to materially represent their fair value at the end of the reporting period.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(i) Revaluations of Property, Plant and Equipment (continued)

Cont'd

Plant and equipment is measured at cost in accordance with the Non-Current Asset Policies. The carrying amounts for such plant and equipment at cost should not materially differ from their fair value.

Property, plant and equipment classes measured at fair value (refer above) are revalued on an annual basis either by appraisals undertaken by an independent professional valuer or internal expert, or by the use of appropriate and relevant indices.

Revaluations using independent professional valuer or internal expert appraisals are undertaken at least once every five years or by the use of appropriate and relevant indices. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal. The revaluation in June 2015 was completed by Cardno.

The fair values reported by the Commission are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The Commission ensures that the application of such indices results in a valid estimation of the assets' fair values at reporting date. The State Valuation Service (SVS) supplies the indices used for the various types of assets. Such indices are either publicly available, or are derived from market information available to SVS. SVS provides assurance of their robustness, validity and appropriateness for application to the relevant assets.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus 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 surplus relating to that asset class.

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.

Materiality concepts (according to the *Framework for the Preparation and Presentation of Financial Statements*) are considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

The fair values reported by the Commission are based on appropriate valuation techniques that maximise the use of the available and relevant observable inputs and minimise the use of unobservable inputs (refer note 1 (k)).

Separately identified components of assets are measured on the same basis as the assets to which they relate.

(j) Maintenance

Day to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(k) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current/depreciated replacement cost methodology).
- The income approach converts multiple future cash flows amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the Commission include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Commission include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Commission's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the Commission for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the Commission's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. There were no transfers of assets between fair value hierarchy levels during the period.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(l) Depreciation of 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. The estimates of useful life and remaining useful life for each of the Commission's assets are reviewed annually and adjusted, if necessary, based on an assessment of the condition of the assets.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment.

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:

Class	Category	Number of years
Buildings:	Buildings -workshop/depot	55
	Buildings- houses/office complex	80
Water Infrastructure:	Dam- structural components	75-150
	Dam - mechanical/electrical components	20-50
	Major weir- structural components	60-150
	Major weir- mechanical/electrical components	20-50
	Minor weir- regulator/structural components	40-75
	Signs	10
Plant and equipment:	Plant and equipment (at cost)	15
	Scientific Equipment	8

(m) Impairment of Non-current Assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Commission determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Payables

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

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(o) 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.

(p) Employee Benefits

The Commission does not employ any staff on a permanent basis. The staff used by the Commission are employed by 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 "Supplies and Services".

Key Executive Management Personnel, Remuneration and Related Party Transactions

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements* for Queensland Government Agencies issued by Queensland Treasury. Refer to note 11 for the disclosures on key executive management personnel, remuneration and related party transactions.

(q) Accounting Estimates and Judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have that potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Valuation of Property, Plant and Equipment - Note 7
- Contingent Liabilities - Note 11
- Depreciation Rates - Note 1(i)

(r) Accounting for the Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST: except:

- (i) where the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- (ii) where receivables and payables are stated with the amount of GST included.

(s) Taxation

The commission is a statutory body as defined under the *Income Tax Assessment Act 1936* and is generally exempt from Commonwealth taxation with the exception of fringe benefit tax (FBT) and goods and services tax (GST). GST are the only taxes accounted for by the Commission.

(t) Issuance of Financial Statements

The financial statements are authorised for issue by the Commission at the date of signing the Management Certificate.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(u) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

(v) Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Commission does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

(v) Financial Instruments

Recognition

Financial assets and financial liabilities are recognised in the statement of financial position when the commission becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- Cash and cash equivalents – held at fair value through profit and loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

The commission does not enter transactions for speculative purposes. Apart from cash and cash equivalents, the commission holds no financial assets classified at fair value through profit and loss. The commission has no borrowings for the financial year. All other disclosures relating to the measurement and financial risk management of financial instruments held by the commission are included in the financial instruments note.

(w) New and Revised Accounting Standards

The Commission did not voluntarily change any of its accounting policies during 2016-17. Australian accounting standard changes applicable for the first time for 2016-17 have had minimal effect on the Commission's financial statements, as explained below.

The Commission is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Queensland Treasury. Consequently, the Commission has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Commission applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, the impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(w) New and Revised Accounting Standards (continued)

Cont'd

A new version of Accounting Standard AASB 124 Related Party Transactions became effective for reporting periods beginning on or after 1 July 2016. AASB 124 requires disclosures about the remuneration of key management personnel (KMP), transactions with related parties, and relationships between parent and controlled entities.

The most significant implications of AASB 124 for the Commission are the required disclosures about transactions between the department and its related parties (as defined in AASB 124). In respect of related party transactions with other Queensland Government controlled entities, the information disclosed will be more high level, unless a transaction is individually significant (See Note 11c). No comparative information is required in respect of related party transactions in the 2016-17 financial statements.

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will first apply to the Commission from its financial statements for 2019-20.

The Commission has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Commission's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Commission has received cash but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). The Commission is yet to complete its analysis of existing arrangements for sale of its goods and services and the impact, if any, on revenue recognition has not yet been determined.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will first apply to the Commission from its financial statements for 2018-19. The main impacts of these standards on the Commission are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Commission's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Commission has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of the new standard will depend on the facts and circumstances existing at that date, the Commission's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Commission enters into, all of the Commission's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used). In the case of the Commission's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the Commission's operating result.

Queensland Treasury is currently considering mandating this accounting treatment when AASB 9 becomes effective.

Another potential impact of AASB 9 relates to calculating impairment losses for the Commission's receivables. Assuming no substantial change in the nature of the Commission's receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the Commission will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The Commission will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Commission enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment, and investments in unquoted equity instruments measured at fair value through other comprehensive income and de-recognition of these items.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

	2017 \$'000	2016 \$'000
2 Income from Continuing Operations		
(a) Grants and other contributions		
Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW)	1,300	1,100
Department of Natural Resources and Mines (QLD)	1,300	1,100
	<u>2,600</u>	<u>2,200</u>
(b) Interest Income		
Interest on QTC investment	104	102
	<u>104</u>	<u>102</u>
(c) Other revenue		
Rental income	28	22
	<u>28</u>	<u>22</u>
3 Expenses from Continuing Operations		
(a) Supplies and Services		
Fees for services:		
SunWater Limited (QLD)	842	830
Water NSW [Statewater] (NSW)	723	37
Department of Natural Resources and Mines (QLD)	513	295
Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW)	380	782
Department of Energy and Water Supply (QLD)	-	15
Insurance	82	74
Administrative allowances	20	20
Superannuation	2	2
	<u>2,562</u>	<u>2,055</u>
(b) Depreciation		
Infrastructure	1,854	1,752
Buildings	24	23
Plant and equipment	8	7
	<u>1,886</u>	<u>1,782</u>
(c) Other expenses		
Audit fee-financial statements*	14	16
Bank fees and charges	6	4
Other expenses from ordinary activities	0	5
	<u>20</u>	<u>25</u>

*Audit fees payable to the Queensland Audit Office to perform an audit of the Commission's transactions for 2016-17 are quoted to be \$16k (2016: \$14k). There are no non-audit services included in this amount.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

4 Cash and Cash Equivalents

	2017	2016
	\$'000	\$'000
Cash at bank and on hand	51	55
At call interest bearing investment	3,869	3,638
Closing cash and cash equivalents	3,920	3,693

Investments deposited with the Westpac Banking Corporation earned interest at rates 0.01%. (2015-16: Westpac Banking Corporation 0.01%).

Investments deposited with the Queensland Treasury Corporation capital guaranteed fund earned interest at rates between 2.43% to 2.93% (2015-16: Queensland Treasury Corporation 3.03% to 3.94%).

Refer Note 13 for details regarding credit risk, liquidity risk and market risk arising from financial instruments

5 Receivables

Goods and Services Tax recoverable from ATO	69	29
	69	29

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 13.

6 Prepayments

There were no prepayments as at 30 June 2017.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

7 Property, Plant and Equipment

	2017	2016
	\$'000	\$'000
Buildings (at valuation)	1,620	1,604
less: accumulated depreciation	(825)	(793)
	<u>795</u>	<u>811</u>
Infrastructure (at valuation)	196,805	198,793
less: accumulated depreciation	(65,867)	(64,679)
	<u>130,938</u>	<u>134,115</u>
Land (at valuation)	1,817	1,808
	<u>1,817</u>	<u>1,808</u>
Plant and equipment (at cost)	55	55
less: accumulated depreciation	(24)	(18)
	<u>31</u>	<u>37</u>
Total property, plant and equipment	<u>133,581</u>	<u>136,771</u>

Property, Plant and Equipment Reconciliation

	Buildings	Infrastructure	Land	Plant and Equipment	Total
	2017	2017	2017	2017	2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2016	811	134,115	1,808	37	136,771
Revaluation increments (decrements)	8	(1,323)	9		(1,306)
Depreciation	(24)	(1,854)		(6)	(1,884)
Addition					-
Disposals					-
Net carrying amount at 30 June 2017	<u>795</u>	<u>130,938</u>	<u>1,817</u>	<u>31</u>	<u>133,581</u>
	2016	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	822	133,625	1,808	44	136,299
Revaluation increments (decrements)	12	2,242	-	-	2,254
Depreciation	(23)	(1,752)	-	(7)	(1,782)
Addition					-
Disposals					-
Net carrying amount at 30 June 2016	<u>811</u>	<u>134,115</u>	<u>1,808</u>	<u>37</u>	<u>136,771</u>

Land, buildings and water infrastructure assets were last revalued based on an independent assessment completed on 11 May 2015. Management has assessed the report provided by Cardno as appropriate for the Commission and have endorsed the use of the revaluation figures.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

7 Property, Plant and Equipment (cont.)

Categorisation of fair values recognised as at 30 June 2017

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Land	1,817	-	1,817
Buildings	795	-	795
Infrastructure	-	130,938	130,938

Level 3 fair value reconciliation (refer note 1 (f))

	Infrastructure \$'000	Total \$'000
Carrying amount at 1 July 2016	134,115	134,115
Acquisitions	-	-
Disposals	-	-
Revaluation increments/(decrements)	(1,323)	(1,323)
Impairment losses recognised in operating surplus/(deficit)*	-	-
Depreciation/amortisation	(1,854)	(1,854)
Carrying amount at 30 June 2017	130,938	130,938

	Infrastructure \$'000	Total \$'000
Carrying amount at 1 July 2015	133,625	133,625
Acquisitions	-	-
Disposals	-	-
Revaluation increments/(decrements)	2,242	2,242
Impairment losses recognised in operating surplus/(deficit)*	-	-
Depreciation/amortisation	(1,752)	(1,752)
Carrying amount at 30 June 2016	134,115	134,115

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

7 Property, Plant and Equipment (cont.)

Level 3 significant valuation inputs and relationship to fair value

Description		Fair value at 30 June 2017 \$'000	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs
Infrastructure		130,938	Condition rating / remaining useful life	1% - 5% \$1.3M - \$6.5M	Increase/decrease in condition rating / useful life would increase/decrease the fair value

Description		Fair value at 30 June 2016 \$'000	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs
Infrastructure		134,115	Condition rating / remaining useful life	1% - 5% \$1.34M - \$6.7M	Increase/decrease in condition rating / useful life would increase/decrease the fair value

During the financial year ended 30 June 2015, the Commission engaged an external independent review of the fair value of the fixed assets in accordance with the accounting policy at note 1(j).

The following key assumptions have been used to fair value the assets effective at the reporting date:

- Infrastructure assets were revalued based on replacement cost as a level 3 category asset, as there were no observable inputs available;
- The highest and best use of the infrastructure assets were deemed to be the existing use;
- Valuation unit rates for infrastructure assets were increased by 20% from the previous valuation to allow for the increases to the Commission's project overheads as detailed below;

Planning, survey, environmental, investigation	6.0%
Engineering design	6.0%
Procurement and project management	8.0%

- Land and building assets have been determined as level 2 assets, as there are inputs (other than quoted prices) that are observable;
- Land and building assets have been estimated based on comparisons of recent sales of similar assets in the local region as observable inputs;
- All assets revalued by the commission have been deemed to have no residual value - as these assets are not deemed fit for another purpose.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

8 Payables

	2017	2016
	\$'000	\$'000
Accrued expenditure	645	527
Accrued audit fees	17	15
GST Payable	-	-
Employee entitlements	-	4
	<u>662</u>	<u>545</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 13

9 Reconciliation of Operating Result to Net Cash provided by Operating Activities

Operating result	(1,736)	(1,537)
Depreciation	1,886	1,782
Write off of assets	-	-
(Increase) Decrease in receivable	-	7
(Decrease)/Increase in payable	118	(285)
(Increase)/Decrease in GST receivable	(68)	21
Increase/(Decrease) in GST Payable	27	-
(Increase)/Decrease in Prepayments	-	73
Net cash provided by operating activities	<u>227</u>	<u>61</u>

10 Asset Revaluation Surplus by Class

Land

Balance as at 1 July	855	855
Revaluation increments / (decrements)	9	-
Balance as at 30 June	<u>864</u>	<u>855</u>

Buildings

Balance as at 1 July	1,121	1,109
Revaluation increments / (decrements)	8	12
Balance as at 30 June	<u>1,129</u>	<u>1,121</u>

Infrastructure

Balance as at 1 July	133,526	131,284
Revaluation increments / (decrements)	(1,323)	2,242
Balance as at 30 June	<u>132,203</u>	<u>133,526</u>

Total

	<u>134,196</u>	<u>135,502</u>
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DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

11 Key Executive Management Personnel and Remuneration

(a) Key Executive Management Personnel

The following details for key executive management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the agency during 2016-17. Further information on these positions can be found in the body of the Annual Report under the section relating to the Commission.

Position	Responsibilities	Current Incumbents	
		Appointment Authority	Date appointed to position (Date ceased in position)
Chair of the Commission	<ul style="list-style-type: none"> Determine the quantities of water available to the states, under the agreed water sharing arrangements, from the Border Rivers and from the shared dams and weirs Control the construction, operation and maintenance of works taken over or constructed by the Commission under the Agreement Investigate matters to enable the Commission to exercise the powers and discharge the duties conferred upon it by the Agreement Report and make recommendations to the governments of New South Wales and Queensland regarding the construction of works, sharing the waters of the Intersecting Streams, sharing groundwater and other matters Arrange for river flows and groundwater levels to be effectively monitored. 	Premiers of Queensland and New South Wales	17/09/2015 to 07/10/16 13/12/16 to 07/10/21
Commissioner representing Queensland		Order in Council	30/6/16 to 29/06/21
Commissioner representing New South Wales		Order in Council	07/9/16 to 06/09/21
Deputy Commissioner representing Queensland		Order in Council	30/6/16 to 29/06/21
Deputy Commissioner representing New South Wales		Order in Council	05/10/16 to 04/10/21
Secretary	• Executive support to the Commission	Resolution of Commission	23/11/11
Accountant	• Accounting support to the Commission	Resolution of Commission	25/10/12

(b) Remuneration

Remuneration is paid only to the Chair of the Commission in the form of an allowance and statutory superannuation. Others do not receive any form of remuneration from the Commission. The remuneration packages for the Chair of the Commission does not provide for any performance or bonus payments.

2016-17

Position	Short Term		Long Term Employee Benefits \$'000	Post Employment Benefits \$'000	Termination Benefits \$'000	Total Remuneration \$'000
	Base \$'000	Non-Monetary Benefits \$'000				
	Chair of the Commission	20				

2015-16

Position	Short Term		Long Term Employee Benefits \$'000	Post Employment Benefits \$'000	Termination Benefits \$'000	Total Remuneration \$'000
	Base \$'000	Non-Monetary Benefits \$'000				
	Chair of the Commission	20				

(c) Related Parties

As outlined in note 1b, under the current agreement embodied in the constituting legislation, the two States, being New South Wales and Queensland, continue to share equally the costs associated with the Commission's activities.

With the exclusion of the Chair, all key management personnel are employees of either the Queensland or New South Wales Governments. The Commission has specific arrangements for secretarial and accounting support to be provided by employees of the Department of Natural Resources and Mines (Queensland).

It is also noted that all material expenditure that the Commission undertakes is with a State Government Department that employs a number of the Commission's key management personnel or is with a State Government owned corporation. Note 3(a) details the value of transactions by supplier. The Chair and Management of the Commission receive no benefit other than an allowance/salary from their respective employer for duties conducted on behalf of the Commission.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

12 Contingent Liabilities

	2017	2016
Number of cases	1	1

During 2009-10, in accordance with the requirements of the Queensland Dam Safety Regulator, the Commission completed an Acceptable Flood Capacity Assessment for Glenlyon Dam. Using the "fallback" option it was found the current maximum capacity of the spillway at Glenlyon Dam was 73% of the Acceptable Flood Capacity under the Queensland's Guidelines for Acceptable Flood Capacity of Dams, December 2012. Under those guidelines, the minimum spillway capacities are required to be 65% of the Acceptable Flood Capacity by 2025 and 100% of the Acceptable Flood Capacity by 2035. As the Glenlyon Dam spillway is currently 73% of AFC, there is no need for any upgrade until 2035. The current cost of such upgrade to 100% of Acceptable Flood Capacity is estimated to be \$12 million. No contract has yet been entered into for such work.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

13 Financial Instruments

The Commission has the following categories

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2017 \$'000	Carrying Amount 2016 \$'000
Class:				
Cash and cash equivalents	4		3,920	3,722
Receivables	5		69	29
			3,989	3,751
Financial Liabilities				
	Note	Category	Carrying Amount 2017 \$'000	Carrying Amount 2016 \$'000
Class:				
Payables	8	Financial liabilities measured at amortised cost	662	546
			662	546

(b) Financial Risk Management

The Commission's financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments for speculative purposes. The Commission does not use financial derivatives.

The Commission's main risks arising from financial instruments are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial statement.

The Commissioners have overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risk. Risk management policies are established to identify and analyse the risks faced by the Commission, to set risk limits and controls and to monitor risk.

Compliance with policies is reviewed by the Commissioners on a continuous basis.

(c) Credit risk

Credit risk arises when there is a possibility of Commission's debtors defaulting on their contractual obligations resulting in financial loss to the Commission. Maximum exposure to credit risk is generally represented by carrying amount of financial assets. Credit risk arises from the financial assets of the Commission including cash, receivables, and authority deposits. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

Cash

Cash comprises cash on hand and bank balances. Interest is earned on daily bank balances at the bank's annual effective rate.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at end of reporting period. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amount. No interest is earned on trade debtors.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

13 Financial Instruments (continued)

(d) 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.

The liabilities are recognised for amounts due to be paid in the future for goods or services received whether or not invoiced.

The following table sets out the liquidity risk of financial liabilities held by the Commission. It represents the contractual maturity of financial liabilities, calculated based on undisclosed cash flows relating to the liabilities at reporting date.

	Note	Maturity Dates			Total \$'000
		1 year or less \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	
30 June 2017					
Payables	8	662			662
		662	-	-	662
30 June 2016					
Payables	8	517			517
		517	-	-	517

	Note	Maturity Dates			Total \$'000
		1 year or less \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	
30 June 2017					
Receivables	8	69			69
		69	-	-	69
30 June 2016					
Receivables	8	29			29
		29	-	-	29

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2017

13 Financial Instruments (continued)

(e) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Commission's exposure to market risk is through interest rate risks in relation to its interest earning deposits. The Commission has no exposure to market risk related to borrowings or foreign currency dealings and it does not enter into commodity contracts.

Interest rate risk

Exposure to interest rate risk arises primarily through the Commission's interest earning deposits. The Commission

	Carrying Amount \$'000	-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2017					
Financial assets					
Cash and cash equivalents	3,920	(39)	(39)	39	39
Financial liabilities					
Payables	662	-	-	-	-
2016					
Financial assets					
Cash and cash equivalents	3,693	(37)	(37)	37	37
Financial liabilities					
Payables	546	-	-	-	-

14 Commitments for Expenditure

There are no other commitments for expenditure in 2017-18 or beyond.

15 After Balance Date Events

There are no known events occurring after balance date that would have an effect on the Commission's financial statements.

End of audited financial statements

CERTIFICATE OF THE DUMARESQ-BARWON BORDER RIVERS COMMISSION

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;

- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Dumaresq-Barwon Border Rivers Commission for the financial period ended 30 June 2017 and of the financial position of the Commission at the end of that year.



Warren Martin
Chairman

Dated: 30/8/17

INDEPENDENT AUDITOR'S REPORT

To the Commissioner of Dumaresq-Barwon Border Rivers Commission

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Dumaresq-Barwon Border Rivers Commission.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2017, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Responsibilities of the entity for the financial report

The Commissioner is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Commissioner determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Commissioner is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance,

but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

Report on other legal and regulatory requirements

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2017:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



Rachel Vagg
as delegate of the Auditor-General



Queensland Audit Office
Brisbane