

*Dumaresq-Barwon
Border Rivers Commission*



***Annual Report
2017-18***

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 2018.

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

The Honourable Dr Anthony Lynham, MP
Minister for Natural Resources, Mines and Energy
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 2017-18.

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 be 'S. Cox'.

Shaun Cox
Chair

A handwritten signature in blue ink, appearing to be 'P. Sanders'.

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 2018.

Yours sincerely

Shaun Cox
Chair

Mitchell Isaacs
Commissioner for
New South Wales

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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.

2017-18 at a glance

Meetings

The Commission met formally once on 29 June 2018 and dealt with all business out-of-session.

Commissioners

The previous Chair, Mr Warren Martin, sadly passed away in office in September 2017. Mr Shaun Cox was appointed in April 2018 as the new Chair and will fill this position until October 2021.

The State Commissioner position for New South Wales was filled by Mr Nick Cook for a period of five years.

Institutional Reform

Without a Chair for approximately seven months the Commission's proposed reform initiatives did lose momentum. With the appointment of the new Chair, these processes will be reinvigorated and progressed in the coming year.

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 75% capacity, limited volumes of regulated water were available to be extracted with 118,190 megalitres and 42,336 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 significantly below average with 8,733 megalitres of supplementary water and 9,474 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 higher than that in recent years with 6,121 megalitres and 7,877 megalitres taken from the Dumaresq River alluvial groundwater by New South Wales and Queensland respectively.

Water Resource Management

In similarity to the previous year, 2017-18 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 2017-18 Glenlyon Dam was at 49% capacity with the majority of private on-farm storages in the border region at low capacity or empty.

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

Inflows of environmental, stock and domestic (ESD) water declined from the previous water year with the majority of inflow occurring in March 2018. A total of 37,300 megalitres of ESD water was released across the 2017-18 water year.

Releases of ESD water occurred in October, November and December replenishing waterholes in the Culgoa and Balonne-Minor Rivers downstream of St George to around the Dirranbandi area. ESD water was also released ahead of a water harvesting event occurring in early March.

Following the water harvesting event, additional water was made available for release as ESD water under the flow event management rules for managing low flows in the Lower Balonne. The release of ESD water continued through to mid-April resulting in a flow through in the Culgoa River. The releases also resulted in flows reaching downstream of the Wilby Wilby gauge on the Narran River, the Bokhara Gauge on the Bokhara River and the gauge near Goodooga on the Birrie River.

Financial position

The Commission during 2017-18:

- Received total revenue of \$2,707,000 comprising the call-up from the states of \$2,600,000, investment revenue of \$89,000 and other revenue of \$18,000;
- Had expenses due to ordinary activities of \$4,540,000 which included depreciation of \$1,886,000;
- Had a net operating deficit of \$1,833,000 and
- Had a cash balance of \$4,587,000 as at 30 June 2018, which will be available to fund future works and their operations over the shorter term.

Chair's Report

Over 2017-18, 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 2017-18.

The Commission met formally once on 29 June 2018 and conducted all of its business out-of-session.

2017-18 was characterised by a change in the representation on the Commission. Firstly, we had the sad passing of the previous Chair Mr Warren Martin. Mr Martin had been Chair of the Commission for the last eight years and contributed immensely to the progress of the Commission over those years. Two new New South Wales Commissioners, Mr Nick Cook, as the NSW Commissioner, from Department of Industry, and Mr Mitchell Isaacs the NSW Deputy Commissioner, also from that agency were appointed in February and June respectively. I was appointed for the remainder of Mr Martin's term which will cease in 2021.

The annual "call-up" from each State to fund the Commission's activities remained at \$1.3 million this financial year.

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 Industry and the Queensland Department of Natural Resources, Mines & Energy for their support during 2017-18.

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.



Mr Shaun Cox
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 S (Shaun) Cox

Commissioner and Chair of the Commission

Mr Cox was appointed as Chair on 19 April 2018 to fill the vacancy left by the passing of the previous Chair, Mr Warren Martin. Mr Cox is a Director with Inxure Strategy Group based in Melbourne.

Mr PR (Paul) Sanders

Commissioner representing Queensland

Mr Sanders is currently appointed to the position until 29 June 2021. During 2017-18 Mr Sanders was Regional Manager, Water Services, South Region in the Queensland Department of Natural Resources, Mines and Energy.

Mr N (Nick) Cook

Commissioner representing New South Wales

Mr Cook was appointed to the position of Commissioner representing New South Wales on 14 February 2018 to fill the vacancy left by the resignation of the previous New South Wales Commissioner Ms Monica Morona. During 2017-18, Mr Cook was Director Strategic Planning & Governance at New South Wales Department of Industry.

The States' Deputy Commissioners

Ms A (Audrey) Van Beusichem

Deputy Commissioner representing Queensland

Ms Van Beusichem is currently appointed to the position until 29 June 2021. During 2017-18 Ms Van Beusichem was Director, Water Planning (South) in the Queensland Department of Natural Resources, Mines and Energy.

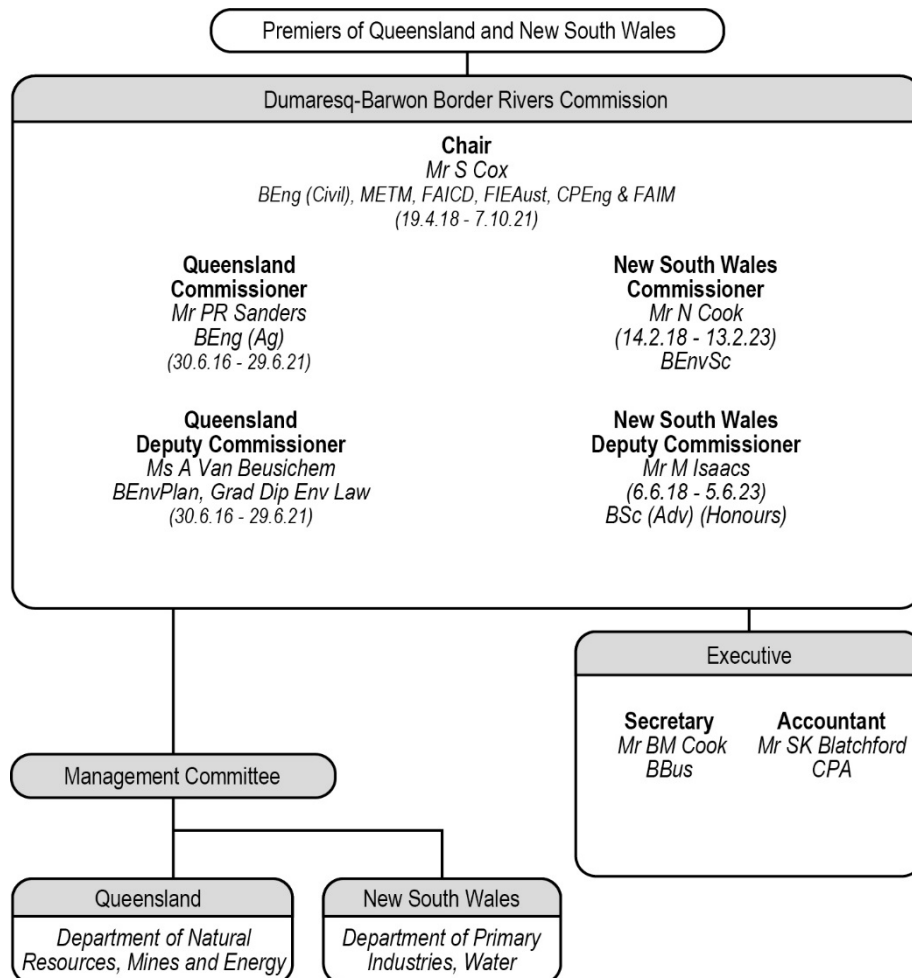
Mr M (Mitchell) Isaacs

Deputy Commissioner representing New South Wales

Mr Mitchell Isaacs was appointed to the position of Deputy Commissioner representing New South Wales on 6 June 2018 to fill the vacancy left by the resignation of the previous New South Wales Deputy Commissioner Dr Christobel Ferguson. During 2017-18, Mr Isaacs was Director Intergovernmental and Strategic Stakeholder Relations, Lands & Water Division at New South Wales Department of Industry.

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, Mines & Energy.



Meetings

The Commission met formally on the 29 June 2018 with all other business conducted out-of-session.

Management Committee

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

During 2017-18 the Management Committee consisted of Mr R (Rob) Welsh and Ms E (Emma) Howey, both of the New South Wales Department of Industry Water and Mr CA (Craig) Gordon and Mr SL (Steve) Goudie, both of the Queensland Department of Natural Resources, Mines and Energy. The Chair of the Management Committee is traditionally rotated between the states at two yearly intervals with Mr Goudie being the chair in 2017-18. The Management Committee met face-to-face on one occasion

during the year on 31 May 2018. Other business during the year was conducted via teleconference or 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, Mines and Energy

PO Box 318

Toowoomba Q 4350

Phone: (07) 4529 1242

Fax: (07) 4529 1554

Email: brc@dnrme.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 2017-18*, which is available from the Commission or from its web site.

KEY OUTCOMES DURING 2017-18

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 2017-18.

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 63,000 people visited Glenlyon Dam during the year, which was nearly double that of the previous year.

FUTURE DIRECTIONS

Works to be commenced, advanced and/or completed during 2018-19 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
- continuing 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 groundwater 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 2018-19, the Commission will continue 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.

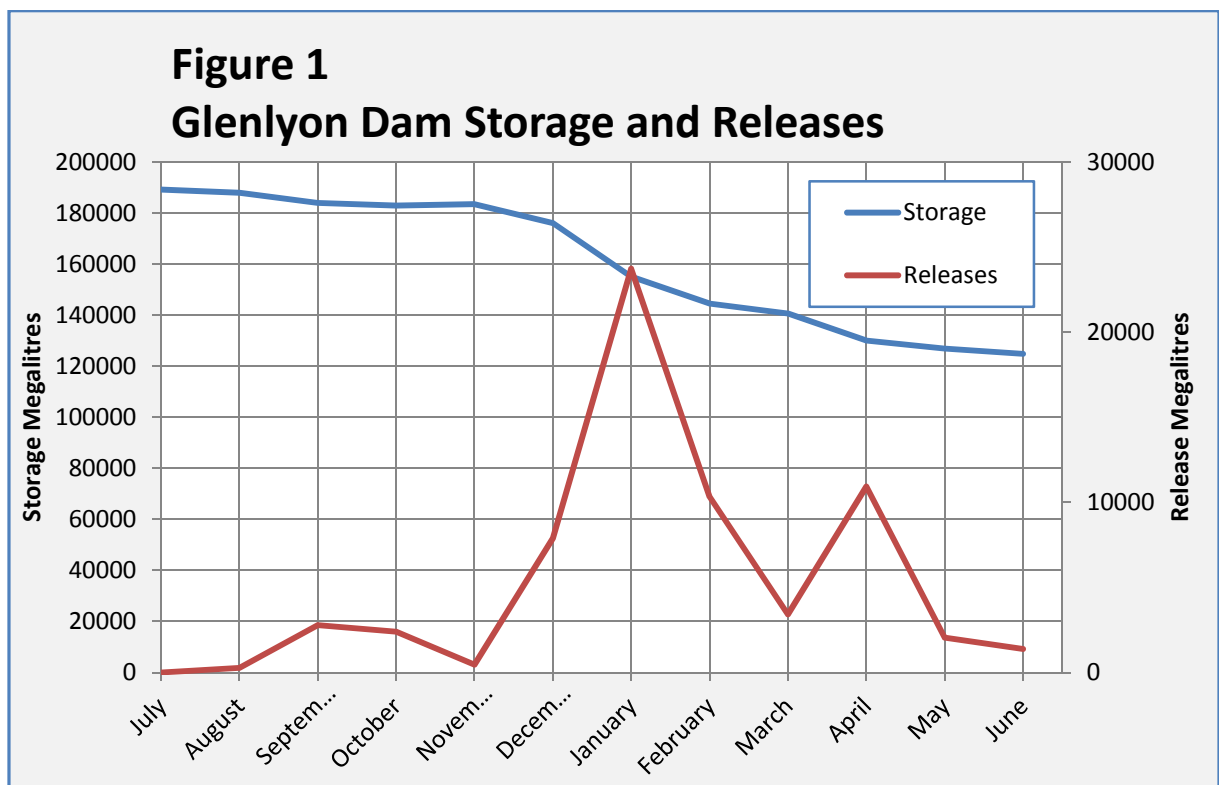
KEY OUTCOMES DURING 2017-18

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 via the monthly Resource Assessments was 59,620 megalitres and 23,880 megalitres respectively.

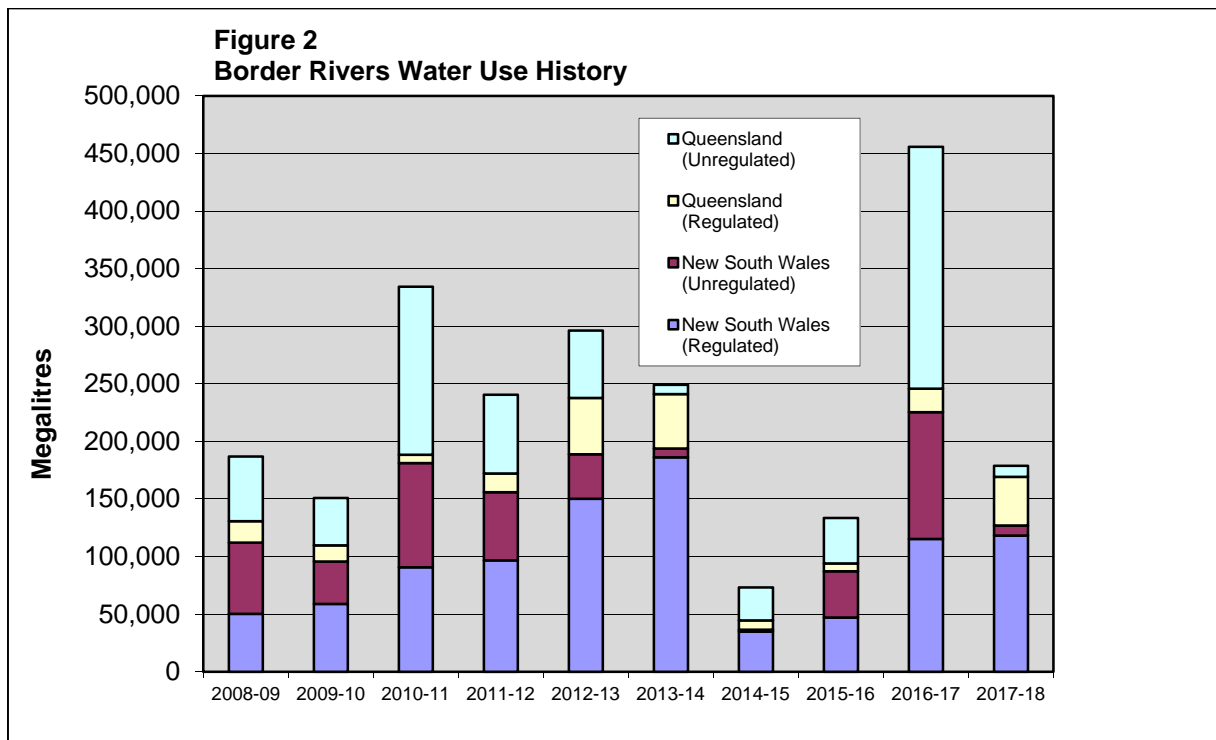
Unfavourable climatic conditions during the year saw the storage level at Glenlyon Dam drawn down to just under 50% of its capacity by the end of June 2018 as shown in Figure 1 below.

During the year, the volume of water distributed to the general use accounts in New South Wales and Queensland was 25,570 megalitres and 10,740 megalitres respectively. The volume of regulated water diverted by New South Wales and Queensland water users was 118,190 megalitres and 42,336 megalitres respectively, including use of water carried over in water users' accounts from the previous year.



During the year, water users were granted limited opportunities to pump unregulated water from the Border Rivers with New South Wales and Queensland diverting 8,733 megalitres and 9,474 megalitres respectively. These diversions fell within the approved announced volumes.

Figure 2 below 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 of environmental, stock and domestic (ESD) water commenced in October 2017 for a two week period replenishing waterholes in the Culgoa and Balonne-Minor Rivers downstream of St George to around the Dirranbandi area. Further replenishment of waterholes in the Balonne River downstream to Bifurcation 1 occurred during November and December several short duration ESD releases. Inflows of ESD water didn't occur again until the end of February 2018. The inflows were stored and subsequently released ahead of a water harvesting event occurring in early March.

Following the announced water harvesting period a volume of 7,650 megalitres of water additional to the inflows accounted for as ESD water was transferred to the ESD water account. The volume transferred was made available under the flow event management rules for managing low flows in the Lower Balonne. The volume transferred was from inflows normally accounted for as inflows to be shared to supplemented water allocation in the St George water supply scheme. With a flow through on the Culgoa River occurring in late March, the boards were placed in the low-flow notch in the weir on the Culgoa River at Bifurcation 1 to divert the remainder of the release of stored ESD to the Balonne-Minor and downstream river systems. The releases continued through to mid-April, resulting in the replenishment of waterholes in the Narran River through to upstream of the Narran Park gauge and a downstream of the Bokhara Gauge on the Bokhara River. The Birrie River had flows reach downstream between the gauge near Goodooga and the gauge at Talawnta. No inflows occurred to Beardmore Dam for the remainder of the water year. A total of 37,300 megalitres of ESD water was released across the 2017-18 water year.

Stream gauging and flow history

The Commission continued to provide funding to WaterNSW and the Queensland Department of Natural Resources, Mines and Energy 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 below average recordings for the entire 2017-18 water year. There were only two small rainfall episodes recorded during the year, there were two (2) particular periods where catchment runoff resulted in minor stream flow events. One event occurred in July 2017 and the other occurred in October 2017. This is reflected in the well below average flow of 238,743 megalitres (or less than a quarter of the average annual flow) passing Goondiwindi and no meaningful inflow to the three major headworks storages. In addition to this, the end of system flow passing Mungindi for the whole water year was 8592 megalitres.

Flow in the intersecting streams

The recorded flows across the intersecting streams were significantly lower than for the previous year. Most of the catchment area is in drought and has experienced extremely dry conditions with either sporadic low flow or no flow during the water year.

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

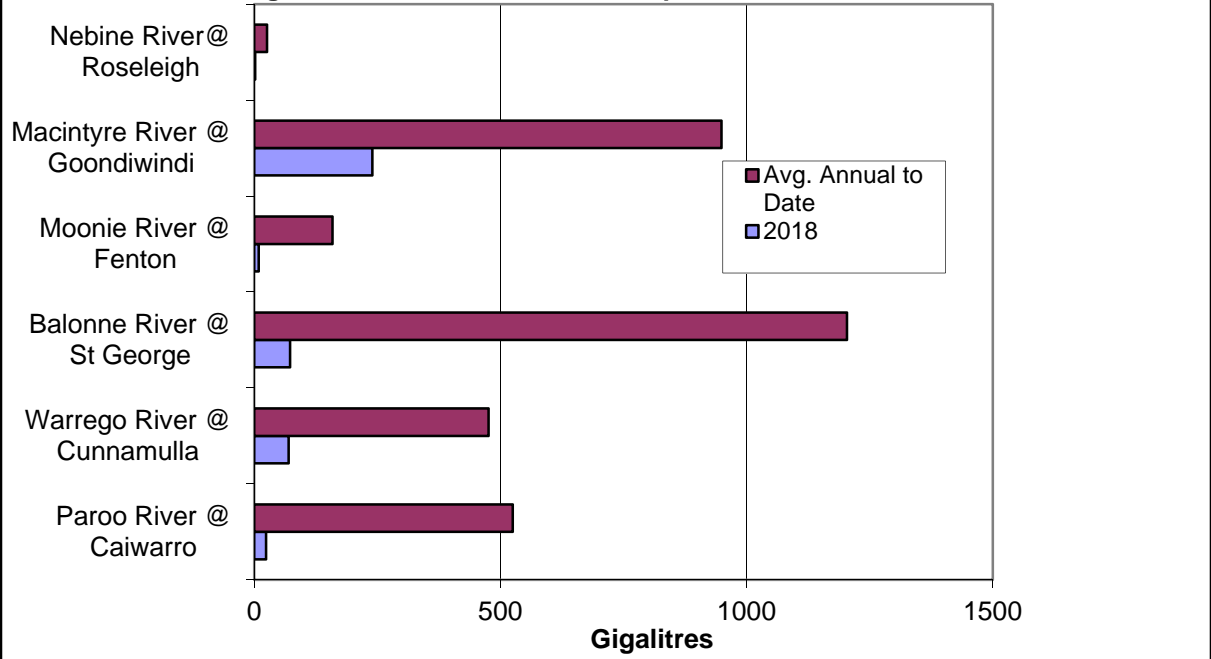
- The only flow in the Warrego River was in March 2018 with 70,000 megalitres passing the Cunnamulla stream gauging station;
- The smallest flow was recorded in the Nebine Creek with 2114 megalitres passing the Roseleigh stream gauging station;
- In the Lower Balonne Distributary System, a total of 30,530 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.

Unregulated flow events

In the Border Rivers there were two very small flow events, one in July and the other in October. These flow events were declared to be unregulated by the Border Rivers Commission and water users in each state were allowed access to an equivalent of 10 days and 12 hours respectively.

Figure 3
Border & Intersecting Streams - Selected Flow Comparisons



Water Quality

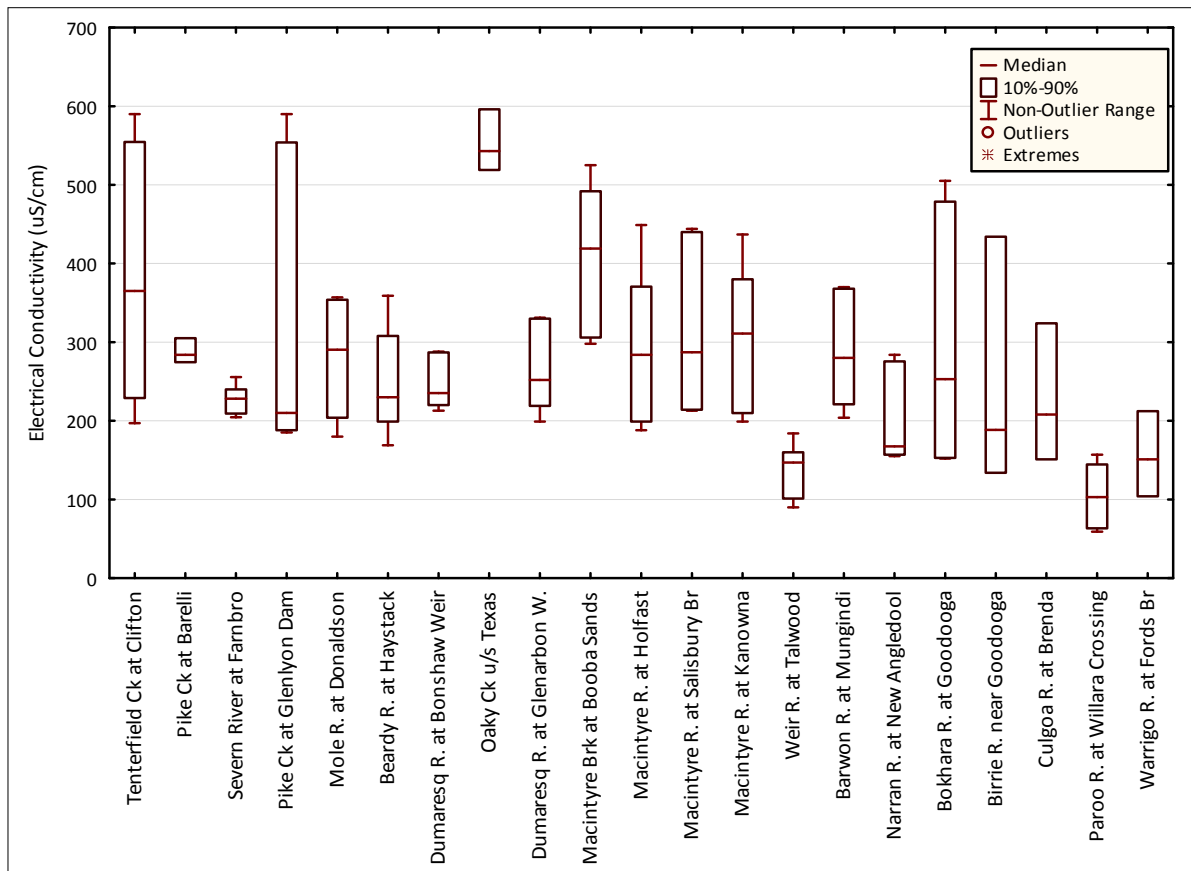
All the electrical conductivity (EC) values for the Border Rivers during 2017-2018 were below the ANZECC 2000 guideline for irrigation of salt sensitive crops of 650 $\mu\text{s}/\text{cm}$. The water quality sites on Oaky Creek and Macintyre Brook recorded the highest medians of EC within the Border Rivers. The medians for these sites were 543 $\mu\text{s}/\text{cm}$ and 419 $\mu\text{s}/\text{cm}$ respectively. The end of system site at Mungindi had a median result of 280 $\mu\text{s}/\text{cm}$.

The EC values in the Intersecting Streams is usually lower than that of the Border Rivers and this year was no different, with all medians below the guideline for the irrigation of salt sensitive crops and for the protection of aquatic ecosystems. The highest median and individual result occurred in the Bokhara River. The median for this site was 253 $\mu\text{s}/\text{cm}$ while the highest individual recorded result was 505 $\mu\text{s}/\text{cm}$ occurring in March 2018.

Generally, for the Border Rivers sites, the EC results were up on last year's results by about 16% and by about 13% for the Intersecting Streams. The drying conditions are likely to have influenced the EC results by concentrating existing water stores and the possible increasing inputs from ground water seepage back into the river. 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.

All the turbidity results clearly reveal an increasing trend as the sample sites progress further downstream and further West of the Great Dividing Range. The turbidity medians rise sharply in the Macintyre River from the site at Boggabilla (11.9 Nephelometer Turbidity Units (NTU)) to the next site downstream located at Kanowna (54.7 NTU) in the lower part of the catchment where the Macintyre-Barwon River changes morphology to an agriculturally productive floodplain. This year's median result for the Weir River for turbidity of 538 NTU is up on last year's results and the highest in the Border Rivers Catchment.

Figure 4
Median Electrical Conductivity 2017-18 ($\mu\text{S}/\text{cm}$)



All the rivers in the Intersecting streams have recorded high levels of turbidity. The Culgoa River recorded the highest turbidity result with 1,470 NTU in December, while the highest median result of 593 NTU was recorded in the Paroo River. Analysing how this year's results compare to previous years, shows that the results are mixed, with the Warrego and Narran rivers having significantly lower medians, while the most other sites appear to have medians that are not much of a departure from previous years.

As per last year in the Border Rivers, Weir River continued the trend of having highest median results for both total Phosphorous (TP) and total Nitrogen (TN) with medians of 0.21 mg/L and 1.2 mg/L respectively. While the Weir River had the highest median result for TN, it did not have the maximum individual result for this parameter, this was detected in the Beardy River in early January 2018 with a result of 4.2 mg/L.

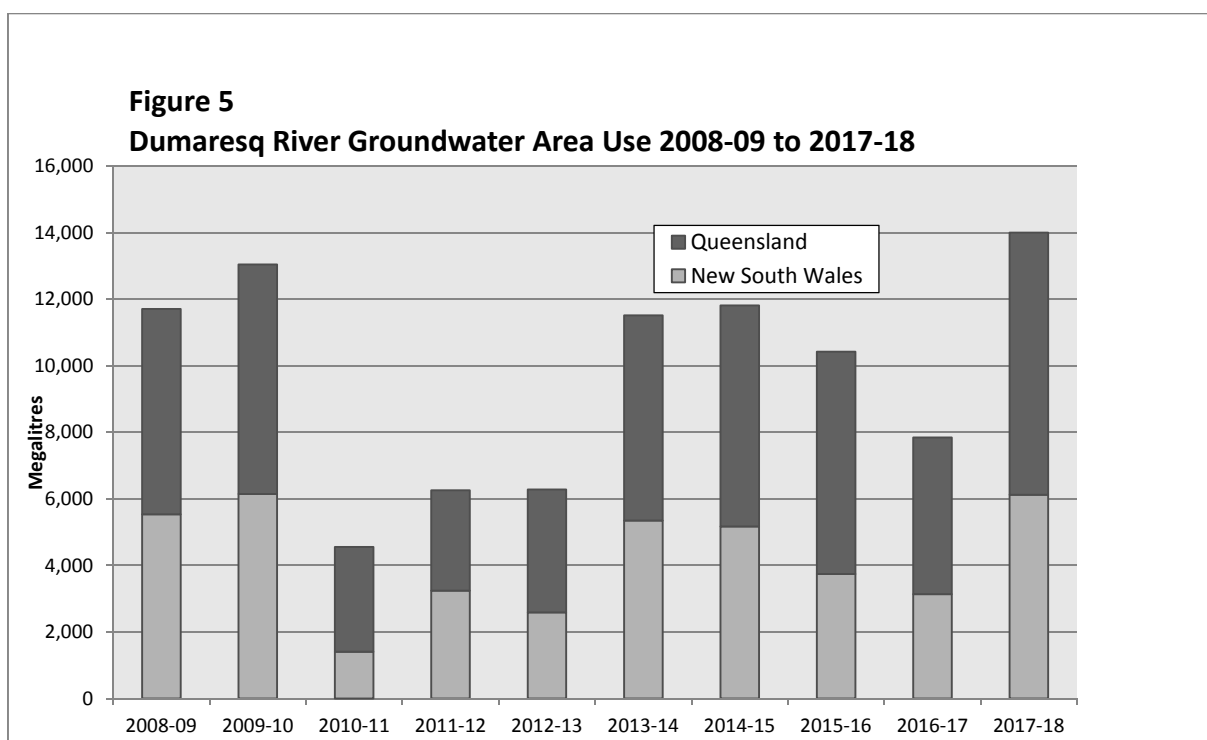
In the Intersecting Streams the Paroo River had the highest individual TN result of 2.9 mg/L, but it was the Bokhara River that had the highest median of 1.38 mg/L (Figure 7). For TP it was results for the Bokhara River that returned the highest median of 0.33 mg/L (Figure 10) and the highest individual result of 0.53 mg/L occurring during December 2017.

TP in comparison with the medians over the last five years reveal that this nutrient is generally lower in the Border Rivers Catchment for the 2017-2018 sampling season. While the medians for TN appear to be mixed with some medians being higher others

being lower than previous years (Figure 8). In the Intersecting Streams most of the median results for both TN and TP appear to be similar to previous year's results.

Groundwater

During the year, irrigators in the New South Wales and Queensland sections of the Border Rivers Alluvial shared resource used 6,121 megalitres and 7,877 megalitres of groundwater respectively. This represented approximately 40 per cent of entitlement for New South Wales and 53 per cent for Queensland. This level of use was higher than that of the previous water year for both New South Wales and Queensland as illustrated in Figure 5.



The Queensland Department of Natural Resources, Mines and Energy 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 Bridge.

Work is nearing completion on the development of a new Border Rivers Alluvial Groundwater Model, principally funded by the Commission. The Queensland Department of Environment and Science is contracted to produce the new model. Its completion, including peer review (funded by the MDBA) and hand-over is expected in late 2018.

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 maintained

- 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

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 engages 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 Industry Water and the Queensland Department of Natural Resources, Mines and Energy, 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 2017-18

Summary of financial results

During 2017-18, the Commission received total revenue of \$2,707,000 comprising the call-up from the states of \$2,600,000, investment revenue of \$89,000 and other revenue of \$18,000. Total expenses due to ordinary activities were \$4,540,000 which included depreciation of \$1,886,000. The Commission's net operating result for 2016-17 was a deficit of \$1,833,000.

The Commission had a cash balance of \$4,587,000 as at the 30 June 2018, which will be available to fund future works and their operations.

Consultation

It was necessary during 2017-18 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.

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 2017-18.

Arrangements for the provision of services to the Commission

Discussions continued again during 2017-18 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, faces challenges entering into contracts in its own right. It is anticipated implementation of the institutional reform of the Commission will successfully address this.

Institutional reform investigations

A key focus of the Commission during 2018-19 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> is maintained 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.

Consultants

Because the Commission is not a corporate entity, 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 2017-18.

Insurance

The Commission's assets are insured under policies held on the Commission's behalf by the Queensland Department of Natural Resources, Mines and Energy and the New South Wales Department of Industry 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 2017-18

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, Mines and Energy 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 Mines and Energy and the New South Wales Department of Industry. 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 2017-18 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 Mines and Energy and the New South Wales Department of Industry. No evident breach of compliance occurred during 2017-18.

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 2017-18 Annual Report and 2017-18 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 brian.cook@dnrme.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

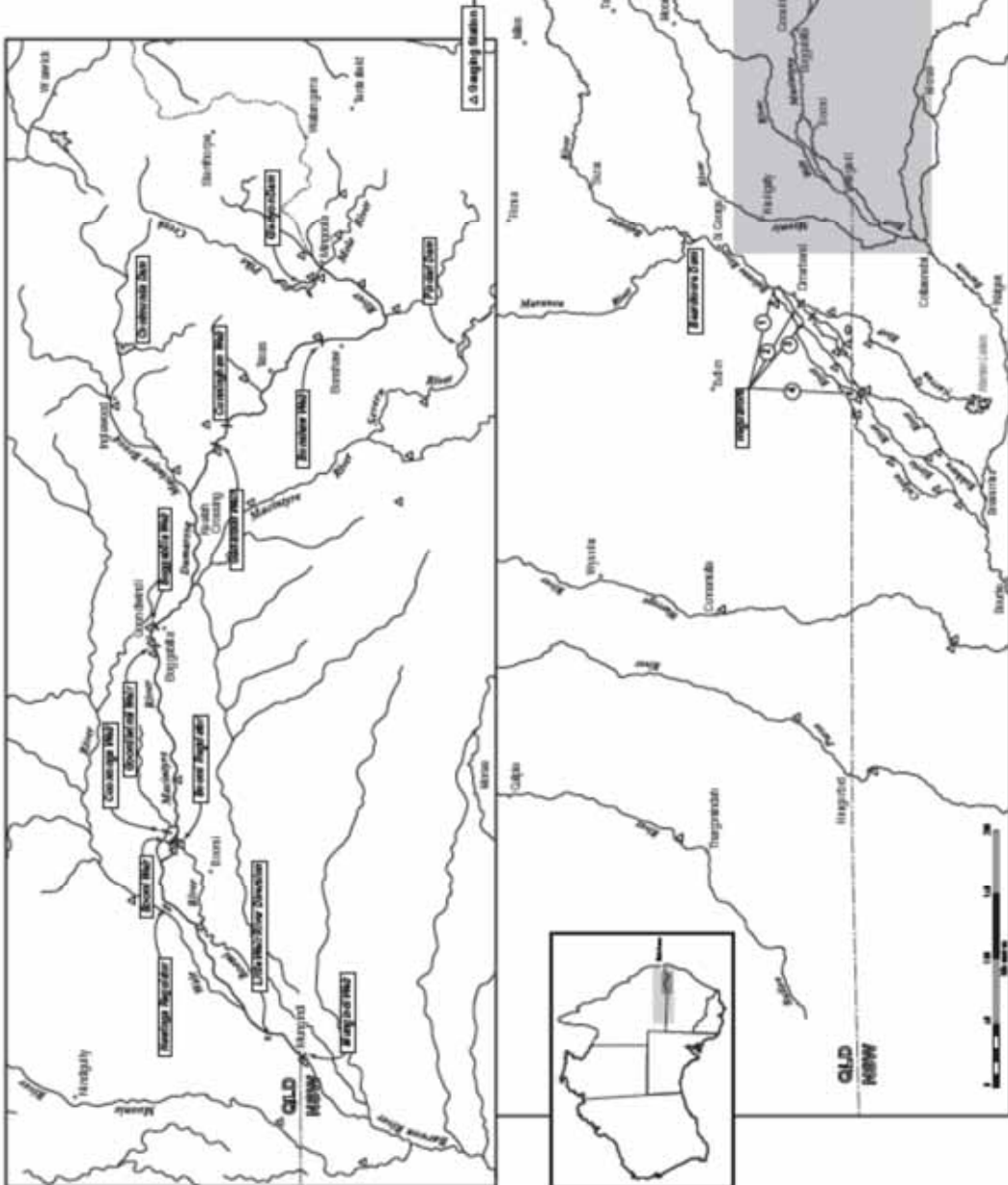
Apart from the Commission continuing to meet its statutory responsibilities, significant projects/activities in relation to our business and our customers which will be commenced, advanced and/or completed during 2018-19 include:

- 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 Border Rivers Alluvial Groundwater Model;
- design and installation of a new regulator on Whyenbah Weir.



**DUMARESQ - BARWON
BORDER RIVERS
COMMISSION**

OPERATIONS AREAS



DUMARESQ-BARWON BORDER RIVERS COMMISSION

2017-18 Financial Statements

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of comprehensive income
for the year ended 30 June 2018**

| | Notes | 2018 \$'000 | 2017 \$'000 |
|---|-------|----------------|----------------|
| Income from Continuing Operations | | | |
| Grants and other contributions | 2a | 2,600 | 2,600 |
| Interest Income | 2b | 89 | 104 |
| Other revenue | 2c | 18 | 28 |
| Total revenue | | 2,707 | 2,732 |
| Expenses from Continuing Operations | | | |
| Supplies and services | 3a | 2,635 | 2,562 |
| Depreciation | 3b | 1,886 | 1,886 |
| Other expenses | 3c | 19 | 20 |
| Total Expenses from Continuing Operations | | 4,540 | 4,468 |
| Operating Result from Continuing Operations | | (1,833) | (1,736) |
| Other comprehensive income | | | |
| Items that will not be classified subsequently to operating result: (Decrease)/Increase in asset revaluation surplus | 7 | 4,036 | (1,306) |
| Total Other Comprehensive Income | | 4,036 | (1,306) |
| Total Comprehensive Income | | 2,203 | (3,042) |
| Total comprehensive income attributable to: | | | |
| Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW) | | 1,102 | (1,521) |
| Department of Natural Resources and Mines(Qld) | | 1,102 | (1,521) |
| Total Comprehensive Income | | 2,203 | (3,042) |

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Statement of financial position
for the year ended 30 June 2018

| | Notes | 2018 \$'000 | 2017 \$'000 |
|----------------------------------|-------|----------------|----------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4 | 4,587 | 3,920 |
| Receivables | 5 | - | 69 |
| Total Current Assets | | 4,587 | 3,989 |
| Non-Current Assets | | | |
| Property, plant and equipment | 7 | 135,732 | 133,581 |
| Total Non-Current Assets | | 135,732 | 133,581 |
| Total Assets | | 140,319 | 137,570 |
| Liabilities | | | |
| Current Liabilities | | | |
| Payables | 8 | 1,208 | 662 |
| Total Current Liabilities | | 1,208 | 662 |
| Total Liabilities | | 1,208 | 662 |
| Net Assets | | 139,111 | 136,908 |
| Equity | | | |
| Accumulated funds | | 879 | 2,712 |
| Asset revaluation surplus | 10 | 138,232 | 134,196 |
| Total Equity | | 139,111 | 136,908 |

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 2018**

| | Notes | Accumulated Funds \$'000 | Asset Revaluation Surplus \$'000 | Total \$'000 |
|--|-------|--------------------------------|---|-----------------|
| Balance at 1 July 2017 | | 2,712 | 134,196 | 136,908 |
| Operating Result from Continuing Operations | | (1,833) | | (1,833) |
| Total Other Comprehensive Income | | | | - |
| Increase in Asset Revaluation Surplus | 7 | | 4,036 | 4,036 |
| Balance at 30 June 2018 | | 879 | 138,232 | 139,111 |
| Balance at 1 July 2016 | | 4,445 | 135,502 | 139,947 |
| Operating Result from Continuing Operations | | (1,733) | | (1,733) |
| Total Other Comprehensive Income | | | | - |
| Increase in Asset Revaluation Surplus | 7 | | (1,306) | (1,306) |
| Balance at 30 June 2017 | | 2,712 | 134,196 | 136,908 |

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of cash flows
for the year ended 30 June 2018**

| | Notes | 2018 \$'000 | 2017 \$'000 |
|---|-------|----------------|----------------|
| Cash flow from operating activities | | | |
| Inflows | | | |
| Grants and Other Contributions | | 2,600 | 2,600 |
| Interest | | 89 | 104 |
| Other | | 87 | (12) |
| GST Collected from customers | | 260 | 260 |
| GST input tax credits from ATO | | 231 | 231 |
| Outflow | | | |
| Supplies and Services | | (2,089) | (2,445) |
| Other | | (19) | (20) |
| GST Paid to Suppliers | | (243) | (243) |
| GST Remitted to ATO | | (249) | (248) |
| Net cash provided by operating activities | 9 | 667 | 227 |
| 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 | | 667 | 227 |
| Cash and cash equivalents at beginning of financial year | | 3,920 | 3,693 |
| Cash and cash equivalents at end of financial year | 4 | 4,587 | 3,920 |

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 2018

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 2018

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 2018, 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 Queensland Department of Natural Resources, Mines and Energy, and the New South Wales Department of Industry.

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 2018

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 received but not banked at 30 June 2018 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 2018.

(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 2018

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 deterring 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 2018

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 2018

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 2018

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(l)

(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 2018

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 2017-18. Australian accounting standard changes applicable for the first time for 2017-18 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 2018

1 Summary of Significant Accounting Policies (continued)

(w) New and Revised Accounting Standards (continued)

Cont'd

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.

AASB 16 Leases

This standard will first apply to the Commission from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases – Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. There will be no impact on the Commission, as the Commission has no operating leases.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2018

| | 2018 | 2017 |
|--|---------------|---------------|
| | \$'000 | \$'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 | 1,300 |
| Department of Natural Resources and Mines (QLD) | 1,300 | 1,300 |
| | 2,600 | 2,600 |
| (b) Interest Income | | |
| Interest on QTC investment | 89 | 104 |
| | 89 | 104 |
| (c) Other revenue | | |
| Rental income | 18 | 28 |
| | 18 | 28 |
| | | |
| 3 Expenses from Continuing Operations | | |
| (a) Supplies and Services | | |
| Fees for services: | | |
| SunWater Limited (QLD) | 1,343 | 842 |
| Water NSW [Statewater] (NSW) | 835 | 723 |
| Department of Natural Resources and Mines (QLD) | 424 | 513 |
| Department of Industry - NSW Office of Water (NSW) | (69) | 380 |
| Department of Energy and Water Supply (QLD) | - | - |
| Insurance | 88 | 82 |
| Administrative allowances | 13 | 20 |
| Superannuation | 1 | 2 |
| | 2,635 | 2,562 |
| (b) Depreciation | | |
| Infrastructure | 1,854 | 1,854 |
| Buildings | 24 | 24 |
| Plant and equipment | 8 | 8 |
| | 1,886 | 1,886 |
| (c) Other expenses | | |
| Audit fee-financial statements* | 14 | 14 |
| Bank fees and charges | 5 | 6 |
| Other expenses from ordinary activities | 0 | 0 |
| | 19 | 20 |

*Audit fees payable to the Queensland Audit Office to perform an audit of the Commission's transactions for 2017-18 are quoted to be \$17k (2017: \$16k). 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 2018

4 Cash and Cash Equivalents

| | 2018 | 2017 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Cash at bank and on hand | 1,134 | 51 |
| At call interest bearing investment | 3,453 | 3,869 |
| Closing cash and cash equivalents | 4,587 | 3,920 |

Investments deposited with the Westpac Banking Corporation earned interest at rates 0.01%. (2016-17: Westpac Banking Corporation 0.01%).

Investments deposited with the Queensland Treasury Corporation capital guaranteed fund earned interest at rates between 2.20% to 2.85% (2016-17: Queensland Treasury Corporation 2.43% to 2.93%).

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 |
| | - | 69 |

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 2018.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2018

7 Property, Plant and Equipment

| | 2018 | 2017 |
|--|-----------------|-----------------|
| | \$'000 | \$'000 |
| Buildings (at valuation) | 1,653 | 1,620 |
| less: accumulated depreciation | <u>(850)</u> | <u>(825)</u> |
| | 803 | 795 |
| Infrastructure (at valuation) | 200,741 | 196,805 |
| less: accumulated depreciation | <u>(67,721)</u> | <u>(65,867)</u> |
| | 133,020 | 130,938 |
| Land (at valuation) | 1,885 | 1,817 |
| | 1,885 | 1,817 |
| Plant and equipment (at cost) | 55 | 55 |
| less: accumulated depreciation | <u>(31)</u> | <u>(24)</u> |
| | 24 | 31 |
| Total property, plant and equipment | 135,732 | 133,581 |

| Property, Plant and Equipment Reconciliation | Buildings | Infrastructure | Land | Plant and Equipment | Total |
|---|------------------|-----------------------|---------------|----------------------------|----------------|
| | 2018 | 2018 | 2018 | 2018 | 2018 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying amount at 1 July 2017 | 795 | 130,938 | 1,817 | 31 | 133,581 |
| Revaluation increments (decrements) | 32 | 3,936 | 68 | | 4,036 |
| Depreciation | (24) | (1,854) | | (7) | (1,885) |
| Addition | | | | | - |
| Disposals | | | | | - |
| Net carrying amount at 30 June 2018 | 803 | 133,020 | 1,885 | 24 | 135,732 |
| | 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 | 795 | 130,938 | 1,817 | 31 | 133,581 |

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 2018

7 Property, Plant and Equipment (cont.)

Categorisation of fair values recognised as at 30 June 2018

| | Level 2 | Level 3 | Total |
|----------------|---------|---------|---------|
| | \$'000 | \$'000 | \$'000 |
| Land | 1,885 | - | 1,885 |
| Buildings | 803 | - | 803 |
| Infrastructure | - | 133,020 | 133,020 |

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

| | Infrastructure | Total |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Carrying amount at 1 July 2017 | 130,938 | 130,938 |
| Acquisitions | - | - |
| Disposals | - | - |
| Revaluation increments/(decrements) | 3,936 | 3,936 |
| Impairment losses recognised in operating surplus/(deficit)* | - | - |
| Depreciation/amortisation | (1,854) | (1,854) |
| Carrying amount at 30 June 2018 | 133,020 | 133,020 |

| | Infrastructure | Total |
|--|----------------|----------------|
| | \$'000 | \$'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 |

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2018

7 Property, Plant and Equipment (cont.)

Level 3 significant valuation inputs and relationship to fair value

| Description | | Fair value at 30 June 2018 \$'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 | | 133,020 | Condition rating / remaining useful life | 1% - 5% \$1.3M - \$6.7M | Increase/decrease in condition rating / useful life would increase/decrease the 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 |

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(i).

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 2018

8 Payables

| | 2018 \$'000 | 2017 \$'000 |
|-----------------------|----------------|----------------|
| Accrued expenditure | 1,191 | 645 |
| Accrued audit fees | 17 | 17 |
| GST Payable | - | - |
| Employee entitlements | - | - |
| | 1,208 | 662 |

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 | (1,833) | (1,736) |
| Depreciation | 1,886 | 1,886 |
| Write off of assets | - | - |
| (Increase) Decrease in receivable | 69 | - |
| (Decrease)/Increase in payable | 545 | 118 |
| (Increase)/Decrease in GST receivable | - | (68) |
| Increase/(Decrease) in GST Payable | - | 27 |
| (Increase)/Decrease in Prepayments | - | - |
| Net cash provided by operating activities | 667 | 227 |

10 Asset Revaluation Surplus by Class

Land

| | | |
|---------------------------------------|------------|------------|
| Balance as at 1 July | 864 | 855 |
| Revaluation increments / (decrements) | 68 | 9 |
| Balance as at 30 June | 932 | 864 |

Buildings

| | | |
|---------------------------------------|--------------|--------------|
| Balance as at 1 July | 1,129 | 1,121 |
| Revaluation increments / (decrements) | 32 | 8 |
| Balance as at 30 June | 1,161 | 1,129 |

Infrastructure

| | | |
|---------------------------------------|----------------|----------------|
| Balance as at 1 July | 132,203 | 133,526 |
| Revaluation increments / (decrements) | 3,936 | (1,323) |
| Balance as at 30 June | 136,139 | 132,203 |

Total

| | | |
|--|----------------|----------------|
| | 138,232 | 134,196 |
|--|----------------|----------------|

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2018

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 2017-18. 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 | Premiers of Queensland and New South Wales | 19/4/18 to 7/10/21 |
| Commissioner representing Queensland | <ul style="list-style-type: none"> 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. | Order in Council | 30/6/16 to 29/06/21 |
| Commissioner representing New South Wales | | Order in Council | 14/2/18 to 13/2/23 |
| Deputy Commissioner representing Queensland | | Order in Council | 30/6/16 to 29/06/21 |
| Deputy Commissioner representing New South Wales | | Order in Council | 6/6/18 to 5/6/23 |
| Secretary | | <ul style="list-style-type: none"> Executive support to the Commission | Resolution of Commission |
| Accountant | <ul style="list-style-type: none"> Accounting support to the Commission | Resolution of Commission | 1/2/18 |

(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.

2017-18

| 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 | 13 | | | | |

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 | | | | |

(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 2018

12 Contingent Liabilities

| | 2018 | 2017 |
|-----------------|------|------|
| 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 2018

13 Financial Instruments

The Commission has the following categories

(a) Financial instrument categories

| Financial Assets | | | Carrying Amount 2018 \$'000 | Carrying Amount 2017 \$'000 |
|------------------------------|-------------|---|--|--|
| | Note | Category | | |
| Class: | | | | |
| Cash and cash equivalents | 4 | | 4,587 | 3,920 |
| Receivables | 5 | | 0 | 69 |
| | | | <u>4,587</u> | <u>3,989</u> |
| | | | | |
| Financial Liabilities | | | Carrying Amount 2018 \$'000 | Carrying Amount 2017 \$'000 |
| | Note | Category | | |
| Class: | | | | |
| Payables | 8 | Financial liabilities measured at amortised cost | 1,208 | 662 |
| | | | <u>1,208</u> | <u>662</u> |

(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 2018

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 undiscounted 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 2018 | | | | | |
| Payables | 8 | 1,208 | | | 1,208 |
| | | <u>1,208</u> | - | - | <u>1,208</u> |
| 30 June 2017 | | | | | |
| Payables | 8 | 662 | | | 662 |
| | | <u>662</u> | - | - | <u>662</u> |

| | Note | Maturity Dates | | | Total \$'000 |
|--------------|------|--------------------------|------------------------|-----------------------------------|-----------------|
| | | 1 year or less \$'000 | 1 to 5 years \$'000 | Greater than 5 years \$'000 | |
| 30 June 2018 | | | | | |
| Receivables | 5 | - | | | - |
| | | <u>-</u> | - | - | <u>-</u> |
| 30 June 2017 | | | | | |
| Receivables | 5 | 69 | | | 69 |
| | | <u>69</u> | - | - | <u>69</u> |

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2018

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 |
| 2018 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 4,587 | (46) | (46) | 46 | 46 |
| Financial liabilities | | | | | |
| Payables | 1,208 | - | - | - | - |
| 2017 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 3,920 | (39) | (39) | 39 | 39 |
| Financial liabilities | | | | | |
| Payables | 662 | - | - | - | - |

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 2018 and of the financial position of the Commission at the end of that year.



Shaun Cox
Chairman

Date: 6 November 2018