



*Dumaresq-Barwon
Border Rivers Commission*

*Annual Report
2011-12*

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

In accordance with the provisions of Clause 15(c) of the New South Wales-Queensland Border Rivers Agreement, the Dumaresq-Barwon Border Rivers Commission has the honour to present its report for the year ended 30 June 2012.

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



The Honourable Andrew Cripps, MP
Minister for Natural Resources and Mines
PO Box 15216
CITY EAST Q 4002

Dear Mr Cripps

Pursuant to the provisions of the *New South Wales-Queensland Border Rivers Act 1946* we are pleased to present the Annual Report and Financial Statements of the Dumaresq-Barwon Border Rivers Commission for 2011-12.

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, and
- the detailed requirements set out in the Annual report requirements for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be accessed at <www.brc.gov.au>.

Yours sincerely

Warren Martin
Chair
Dumaresq-Barwon Border Rivers Commission

Ross Krebs
Commissioner for Queensland

c/- PO Box 318
Toowoomba Q 4350



The Honourable Katrina Hodgkinson, MP
Minister for Primary Industries and Minister for Small Business
Level 30 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Ms Hodgkinson

Pursuant to the provisions of the *New South Wales-Queensland Border Rivers Act 1947* and the *Annual Reports (Statutory Bodies) Act 1984*, we have pleasure in enclosing, for presentation to the Parliament, the Annual Report of the Dumaresq-Barwon Border Rivers Commission for the year ended 30 June 2012.

Yours sincerely

Warren Martin
Chair

Peter Christmas
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.

2011-12 at a glance

Meetings

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

Operating environment

- The Commission initiated a consultancy to indentify constraints affecting its ability to undertake its statutory responsibilities effectively and to make recommendations on what might be done to address these constraints.

Emergency event operations

- A rainfall event in October 2011 saw a minor spill of Glenlyon Dam. This is the second year in a row that a spill has occurred and the Commission's contractor SunWater Limited managed the event without incident and met the regulatory requirements associated with spills from the dam.

Water sharing

- With Glenlyon Dam remaining full or close to full for the year, ample volumes of regulated water were available to be extracted with 96.6 gigalitres and 16.3 gigalitres being diverted by New South Wales and Queensland respectively. These quantities fell within the approved allocations.
- Pumping from unsupplemented flows (those not regulated by a major dam) was above average with 59.3 gigalitres and 68.3 gigalitres of water being taken from the Border Rivers by New South Wales and Queensland respectively, again within approved allocations.
- Improved access to surface water supplies saw groundwater use well below the average in recent years with 3.2 gigalitres and 3.0 gigalitres taken from the Dumaresq River Groundwater Area by New South Wales and Queensland respectively. The groundwater monitoring network funded by the Commission shows a continuing recovery of shallow and deep aquifers.

Resource Position

- At the end of 2011-12 Glenlyon Dam was close to full capacity (96.4%) as were other public and private storages in the Border region.

Beardmore Dam compensation releases and intersecting streams behaviour

- High rainfall in the headwaters of the Maranoa River section of the Condamine-Balonne system saw major flooding in that part of the system which resulted in major cross border flows.
- Compensation releases from Beardmore Dam continued throughout the year.
- Major flooding also occurred in the Warrego and Paroo river systems.

Financial position

The Commission's net increase in cash for 2011-12 was \$279,000. At 30 June 2012, the Commission's accounts showed a financial reserve of \$3,563,000.

Chair's report

With the re-emergence of La Niña conditions in October 2011, the recovery of water levels in both public and private water storages in the Border Rivers system that occurred in 2010-11 was maintained during the year. Glenlyon Dam again experienced a spill during the year, which although minor, is evidence of improved climatic conditions when compared to the antecedent years of drought. The dam remained full or near to full during the year. At 30 June 2012 it held 244,920 megalitres or 96.4% full.

In total, New South Wales users diverted about 156,000 megalitres and Queensland users about 84,500 megalitres from all sources in the Border Rivers during the year.

The intersecting streams again experienced major flooding. Although this flooding caused significant damage and dislocation, it nevertheless contributed significantly to improving the health of the Barwon-Darling River system and assisted in flows into the lower Murray-Darling River system and South Australia.

Due to the increased availability of surface water, groundwater use from the alluvium along the Dumaresq River was again well below recent years' average use. Use had been elevated because of the low availability of surface water allocations during the antecedent drought sequence. Monitoring indicates recharge from flooding has resulted in some recovery of both shallow and deeper aquifers.

In last years report, I mentioned that the Commission, in assessing its risk profile in relation to the adequacy of the Commission's institutional powers to effectively meet its interstate agreement responsibilities, identified the risk associated with its role as an owner and manager of assets within the current water management environment, as high.

The need for reform of the Commission's asset ownership and management responsibilities is illustrated by its relationship with SunWater Limited, which undertakes the majority of those responsibilities on the Commission's behalf.

SunWater have been seeking formal contractual arrangements for the provision of its services. However, as the Commission has no corporate form, it is unable to enter into contracts in its own right. To maintain a continuity of its services for asset management, SunWater agreed to an informal arrangement for 2011-12 on the undertaking the situation was resolved for implementation in 2012-13. This outcome was not achievable. SunWater reluctantly agreed to continue an informal arrangement for 2012-13. This institutional risk remains, and is of some concern, to both the Commission and SunWater.

As foreshadowed in last year's Annual Report, the Commission engaged an independent consultant to investigate the adequacy of the Dumaresq-Barwon Border Rivers Agreement to enable it to meet its statutory responsibilities and identify the attendant risks. The key conclusion of that work is the Commission faces unacceptable risks in the functional areas associated with its roles as an owner and manager of assets.

During 2011-12, matters relating to institutional water management of the Border Rivers system were not limited to consideration by the Commission itself.

For instance there were actions initiated at a bilateral level between the New South Wales and Queensland governments, resulting in the establishment of the Queensland-New South Wales Memorandum of Understanding Cross-border Collaboration in August 2011. The Premiers agreed that these arrangements, formalised through this Memorandum of Understanding (MoU), would encompass the whole border and all State Government services that impact on cross-border issues and be used to resolve cross-border matters and plan for better ways to provide Government services.

Water resources were identified in the MoU as a priority area and the Commission will seek to engage with the New South Wales Cross-Border Commissioner as it progresses institutional reform.

In addition the Murray-Darling Basin Authority, through its Murray-Darling Basin Officials Committee, initiated a review of the Murray-Darling Basin Agreement encompassing the assessments of costs and the potential benefits of integrating the functions and assets of the Border Rivers Commission into the Murray-Darling Basin Authority. The Authority engaged consultants to undertake the review who were assisted by the Commission as requested. The Authority has been presented with a report and it is understood it will consider the outcomes of the review in early 2012-13.

Whilst recognising the potential for discussions under the Cross-Border MoU and the involvement of the Authority in matters relating to the water management of the Border Rivers system, the Commission considered it would be unconscionable for it to delay its own efforts to resolve current institutional risks. Accordingly in 2012-13 the Commission proposes to actively engage with the water agencies of both states to map out a program of reform which addresses the institutional risks now facing the Commission. That program will be presented to the contracting governments to the Border Rivers Agreement for consideration.

With respect to financial management, 2011-12 expenditure was within budget with the Commission's accounts showing a net increase in cash amounting to \$279,000. The Queensland Audit Office has audited the Commission's financial statements for 2011-12 and found them to be in order.

In closing, I would like to thank the Commission's Management Committee members for their continuing diligence during 2011-12 and on behalf of the Commission particularly acknowledge the dedicated service over many years of the Commission's Secretary/Project Officer, Mr Jim Mylne, who retired during the year.

Thanks must also go to Mr Robert Muldoon, the Commission's Accountant, whose appointment finished on the 31 March 2012.

The Commission also thanks SunWater Limited and the State Water Corporation for their management of the Commission's works and delivery of water to the states during the year on its behalf. It also thanks those officers of the New South Wales Office of Water and the now Queensland Department of Natural Resource and Mines, who assisted the Commission in the carrying-out of its business.



Warren Martin
Chair

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 1946* (the Agreement) 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 by the Commission under the Agreement
- investigate matters to enable the Commission to exercise the powers and discharge the duties conferred upon it by the Agreement
- report and make recommendations to the governments of New South Wales and Queensland regarding the construction of works, sharing the waters of the Intersecting Streams, sharing groundwater and other matters
- arrange for river flows and groundwater levels to be effectively monitored.

In addition to its statutory functions the Commission has arranged for water quality in the Border Rivers and the Intersecting Streams to be monitored.

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.

Membership

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 during 2011-12 were:

Mr WH (Warren) Martin, Commissioner and chair of the Commission

Mr Martin was appointed to the position for the period from 9 October 2009 to 31 March 2012 and was re-appointed to the position from 19 June 2012 until 8 October 2014. He is a civil engineer with significant experience in hydrology and water resources management including the development and implementation of water resources policy and institutional reforms.

Mr RW (Ross) Krebs, Commissioner representing Queensland

Mr Krebs was appointed to the position for the period from 5 October 2006 to 4 October 2011 and was re-appointed to the position from 9 February 2012 until 8 February 2017. During 2011-12 Mr Krebs was Regional Manager, Water Services, South West Region in the Queensland Department of Natural Resources and Mines.

Mr PG (Peter) Christmas, Commissioner representing New South Wales

Mr Christmas was appointed to the position for the period from 23 July 2008 to 22 July 2013. During 2011-12 Mr Christmas was Program Coordinator, Water Management and Implementation in the New South Wales Office of Water.

The Deputy Commissioners during 2011-12 were:

Ms JA (Judith) Jensen, Deputy Commissioner representing Queensland

Ms Jensen was appointed to the position for the period from 5 October 2006 to 4 October 2011.

During 2011-12 Ms Jensen was General Manager, Water and Ecosystems Outcomes in the Queensland Department of Natural Resources and Mines.

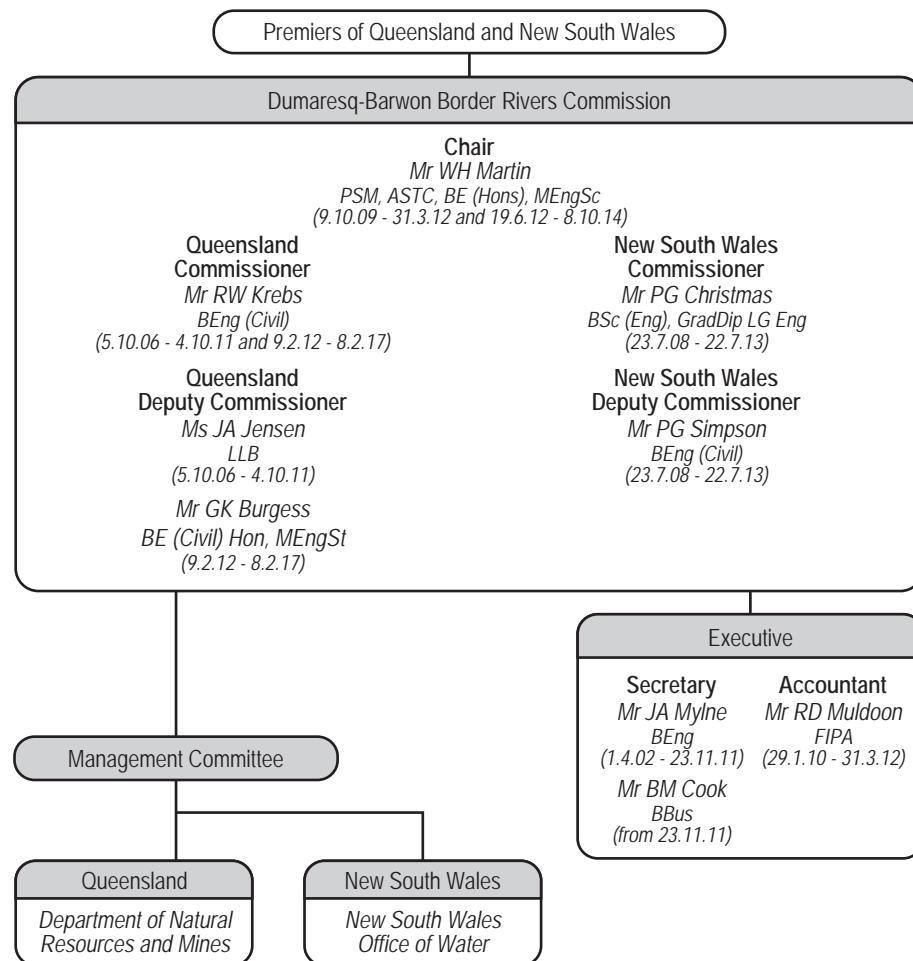
Mr GK (Gary) Burgess, Deputy Commissioner representing Queensland

Mr Burgess was appointed to the position, as replacement for Ms Jensen, from 9 February 2012 until 8 February 2017. During 2011-12 Mr Burgess was Director, Water Planning, Central in the Queensland Department of Natural Resources and Mines.

Mr PG (Paul) Simpson, Deputy Commissioner representing New South Wales

Mr Simpson was appointed to the position for the period from 23 July 2008 to 22 July 2013. During 2011-12 Mr Simpson was Manager, Surface Water Management in the New South Wales Office of Water.

Administrative support to the Commission was provided by its secretary, Mr Jim Mylne up until to 23 November 2011 when following his retirement he was replaced by Mr Brian Cook, and its accountant, Mr Robert Muldoon. Mr Mylne and Mr Cook are employees of the Queensland Department of Natural Resources and Mines and Mr Muldoon is an employee of the New South Wales Office of Water.



Meetings

The Commission met on three occasions during the year. Meeting No 171 of the Commission was held in Brisbane on 23 November 2011 and meeting No 172 in Sydney on 30 May 2012. A special meeting was held in Sydney on 12 December 2012. Commissioners Martin, Krebs and Christmas attended all meetings. All other business during the year was conducted out-of-session.

Management committee

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

During 2011-12 the management committee consisted of Mr PG (Peter) Christmas and Mr AJ (Andrew) Scott both of the New South Wales Office of Water and Mr GK (Gary) Burgess, up until his appointment as Deputy Commissioner representing Queensland, when he was replaced by Mr CA (Craig) Gordon of the Queensland Department of Energy and Water Supply and Mr SL (Steve) Goudie of the Queensland Department of Natural Resources and Mines. The chair of the management committee is traditionally rotated between the states at two yearly intervals with Mr Christmas being the chair in 2011-12.

The management committee met formally on two occasions during the year on 11 October 2011 and 2 May 2012. Other business during the year was conducted out-of-session.

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

Access

The Commission may be contacted through its secretary as follows:

The Secretary
Dumaresq-Barwon Border Rivers Commission
c/- Department of Natural Resources and Mines
PO Box 318
Toowoomba Q 4350

Phone: (07) 4529 1242
Fax: (07) 4529 1554
Email: brc@derm.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 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 operate and maintain the infrastructure it controls in accordance with best practice, dam safety conditions and standards and the relevant Asset Management Plans, 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, State Water Corporation, to provide facility management and river management services on its behalf respectively.

Further details of the infrastructure controlled by the Commission may be found in the 2011-12 Annual Statistics report which is available from the Commission or for downloading from its web site.

KEY OUTCOMES DURING 2011-12

Dam safety

As required by the dam safety conditions 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.

SunWater also completed a major update to the Emergency Action Plan for Glenlyon Dam, and the plan incorporates the relevant recommendations of the Queensland Floods Commission of Inquiry.

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.

Due to the unavailability of spatial data of suitable quality, no work was undertaken on revising the dam break analysis for Glenlyon Dam as was planned. Sourcing appropriate data has been included in the Commission's 2012-13 work plan.

Emergency event operations

A spill of Glenlyon Dam which triggered the activation of the Emergency Action Plan occurred on 15 October 2011 and continued until 15 November 2011. The total volume of water to pass through the spillway during the event was approximately 8,600 megalitres with the peak discharge being 1,135 megalitres per day on 18 October. This is the second year in a row that the dam has spilled.

The Commission's contractor SunWater Limited managed the event, in accordance with the procedures documented in the Emergency Action Plan, without incident. A second minor spill of 29 megalitres occurred in December 2011.

Water service provider obligations

In accordance with its obligations as a water service provider under the *Queensland Water Supply (Safety and Reliability) Act 2008* an audit of the Commission's Strategic Asset Management Plan and development of a Drinking Water Quality Management Plan for Glenlyon Dam were completed during the year.

Performance indicators for planned and unplanned supply interruptions and meeting targets for end of system flow at Mungindi, as outlined in the Strategic Asset Management Plan, were met during the year. There were no significant water quality matters experienced during 2011-12.

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 contractor SunWater Limited. Several projects have been rescheduled to 2012-13 due to site access difficulties during the year. The major project undertaken during the year was the removal of timber growth in the vicinity of the protection works at several of the weirs.

Asset management

The revised values that resulted from the major review of the Commission's assets undertaken in 2011 were uploaded in SunWater's corporate asset management system during the year. Based on the new data, SunWater has prepared a new 30 year works program for maintenance and renewal of the Commission's assets.

Public access and recreation

The Commission continued to provide and maintain recreation facilities at Glenlyon Dam to cater for day trippers interested in picnicking, swimming, recreational fishing, boating and water skiing. The caravan park and camping area are operated by a private lessee and provide facilities for those wishing to stay longer. It was estimated that more than 80,000 people visited Glenlyon Dam during the year, which is an increase of approximately ten per cent over last year and is probably due to the greater recreational opportunities afforded by the dam being full or near-full.

FUTURE DIRECTIONS

Works to be commenced and/or completed during 2012-13 include:

- continuing activity to revise the dam break analysis for Glenlyon Dam
- refurbishment of lifting gear at Glenlyon Dam and Boggabilla Weir which is at the end of its statutory life
- completion of work scheduled for the Whyenbah Bifurcation Weir at the Culgoa/Balonne Minor junction delayed due to continuing river flow throughout the year
- reassessment of improvements to the Newinga Regulator
- revision of the spillway rating curve for Glenlyon Dam.

The water resources

OBJECTIVES

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

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

Monitor the aquatic environment to identify emerging water quality issues.

Investigate and monitor the quality and quantity of the underground water resources of the Border Rivers 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 1946* (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 flows in the Border Rivers and Intersecting Streams and groundwater levels in the alluvial aquifers associated with the Dumaresq River. The Controlling Authorities of New South Wales and Queensland undertake the required monitoring at the cost and expense of the Commission. The data obtained is utilised for assessing the quantities of water available for sharing, regulating flow in the Border Rivers as well as input to the states' water resource planning and management activities.

Whilst it is not a statutory requirement under the Agreement, the Commission is also responsible for implementing a coordinated program of water quality monitoring in both the Border Rivers and the Intersecting Streams to obtain an ongoing record of key water quality indicators and to identify emerging water quality issues.

KEY OUTCOMES DURING 2011-12

Water sharing

Resource assessments were carried out by the Commission on a monthly basis to calculate the volumes of regulated water in the Border Rivers available to be shared between the states. During the year 156,000 megalitres and 84,500 megalitres of water were distributed to New South Wales and Queensland respectively for general use.

In the 12 month period from 1 July 2011 New South Wales water users diverted 96,650 megalitres of regulated water and Queensland water users diverted 16,250 megalitres, well within the approved allocation limits.

Improved climatic conditions during the year saw the storage level at Glenlyon Dam at or just below full supply level, which allowed the states to maintain close to their maximum available share of water from the dam as shown in Figure 1.

Water users were granted a number of opportunities to pump unregulated water from the Border Rivers during the year. In total 59,300 megalitres and 68,250 megalitres were diverted from unregulated flows during the year by New South Wales and Queensland respectively. Diversions fell within the approved limits.

Figure 2 below illustrates the history of regulated and unregulated water use from the Border Rivers over the previous fourteen years. This clearly illustrates the impact of the prolonged period of drought on water use from the Border Rivers over the past ten years.

Figure 1
Glenlyon Dam
Storage performance and New South Wales - Queensland water shares

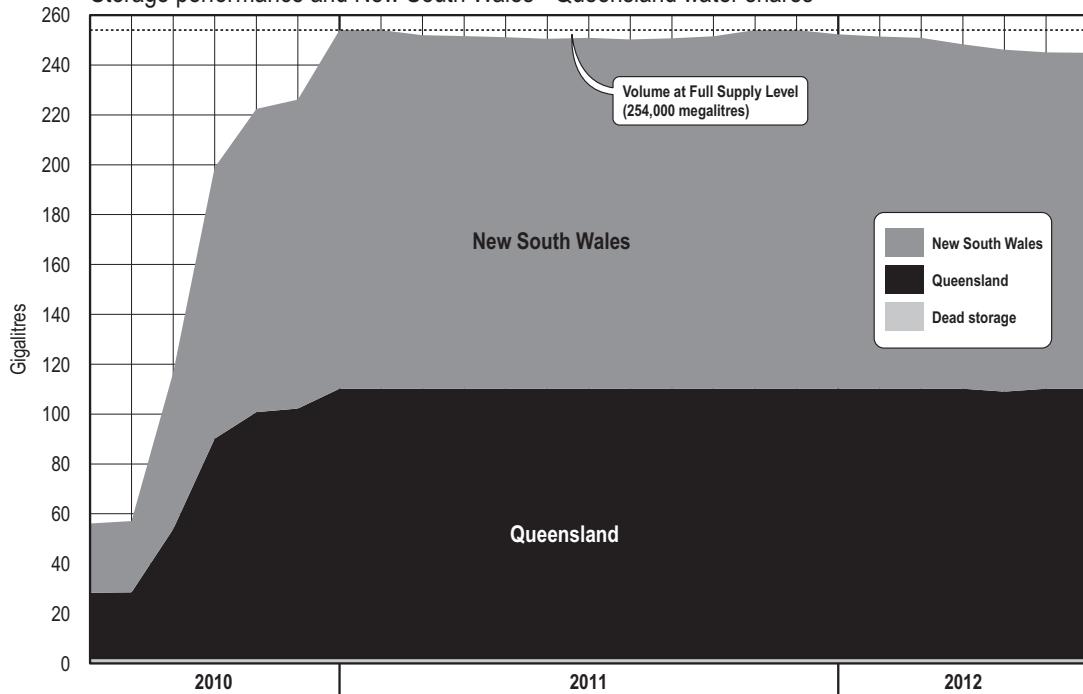
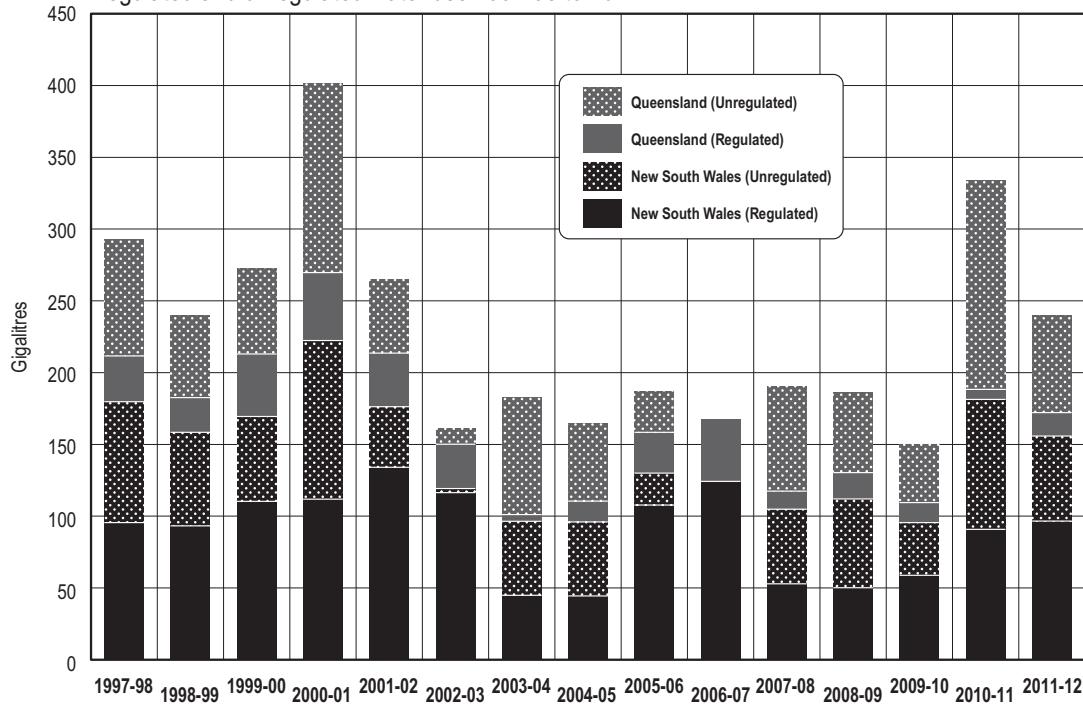


Figure 2
Border Rivers water use history
Regulated and unregulated water use 1997-98 to 2011-12



Beardmore Dam environmental, stock and domestic releases

Environmental and stock and domestic water was managed in accordance with the flow event management rules as prescribed in the amended Condamine and Balonne Resource Operations Plan (in effect since April 2010). Previously this water was referred to as “compensation water” in the Interim Resource Operations Licence for the St George Water Supply Scheme.

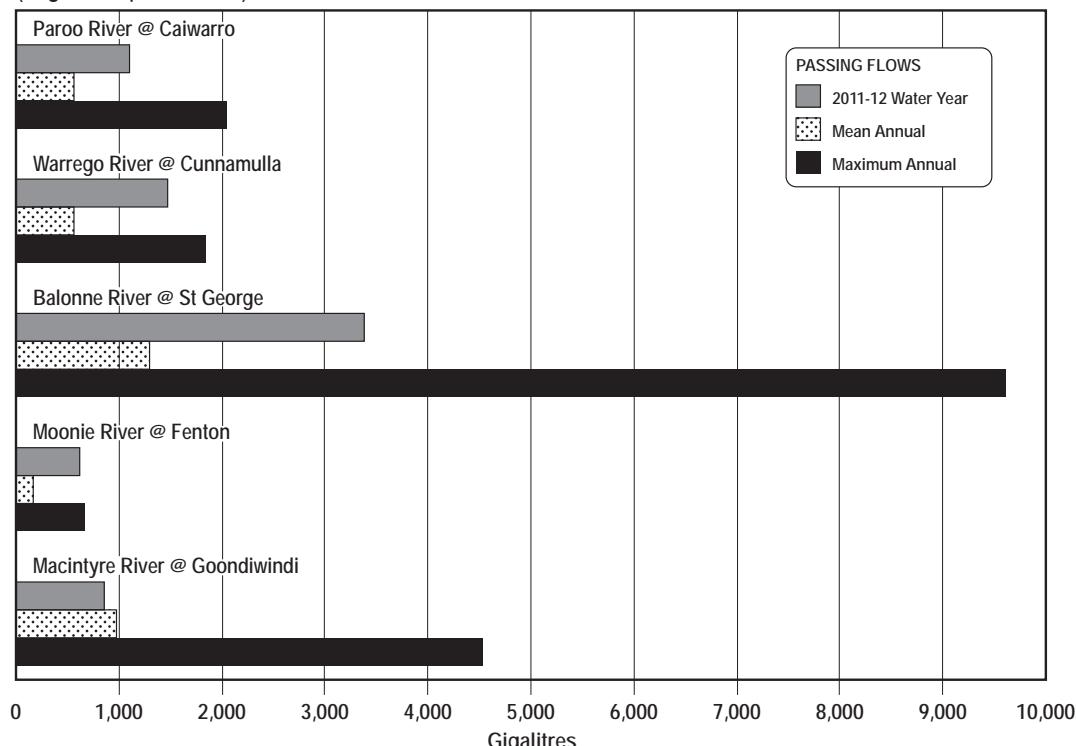
From the start of the year all inflows to Beardmore Dam up to 730 megalitres / day were being passed directly through the dam. Major flooding in the Maranoa River saw large volumes pass through the

dam in February and March of 2012 causing record flood levels downstream. Following the recession of the flood flows, inflows up to 730 megalitres per day continued to be passed through the dam for the remainder of the year. The dam remained full or near to full throughout the year.

Flow in the intersecting streams

In addition to the major flows in the Condamine-Balonne in January and February which saw record flood levels occur at St George and subsequent significant flooding in the lower Balonne distributary system, major flooding also occurred in the Warrego, Paroo and Moonie Rivers. An indication of total annual flow for representative sites across the Commission's area of operations during the last year compared to the historic mean and maximum can be seen in Figure 3.

Figure 3
Intersecting Streams - Selected Flow Comparisons
(Gigalitres per annum)



Stream gauging

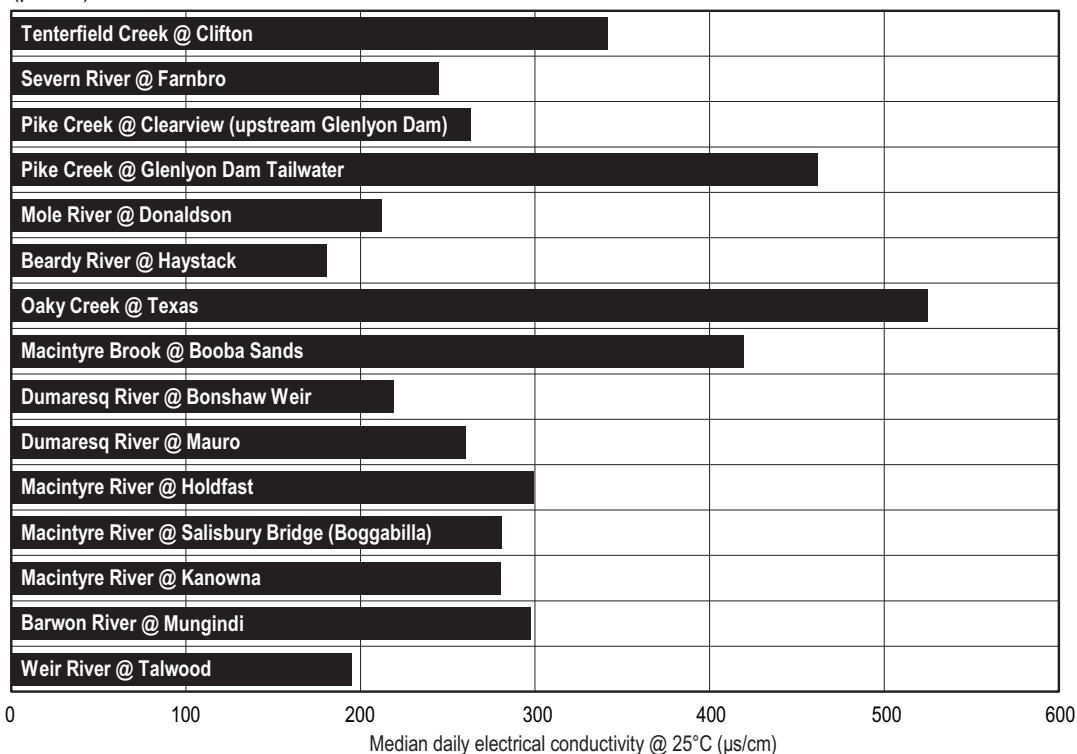
The Commission continued to provide funding to the New South Wales Office of Water and the Queensland Department of Natural Resources and Mines to operate and maintain a network of 49 river gauging stations including 26 in the Border Rivers catchment and 23 on the Intersecting Streams to the west of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

Water quality

The New South Wales Office of Water, on behalf of the Commission, monitored water quality on a monthly basis at 18 sites in the Border Rivers and six sites in the Intersecting Streams. The parameters measured include water temperature, electrical conductivity, turbidity, suspended sediments, total nitrogen and total phosphorus. The collected information forms part of a long-term water quality dataset that describes baseline water quality and helps to identify emerging water quality issues. A summary of the results of the water quality monitoring program is provided in the Commission's 2011-12 Annual Statistics report that is available from the Commission or its website. Figure 4 shows the median electrical conductivity measured at sites in the Border Rivers during 2011-12.

The Border Rivers and Intersecting Streams received the bulk of their water during the summer months. In the Border Rivers flows were in progress during sampling at all sites with the exception of Oaky Creek. Overall, flows were above average with flooding in the summer months. In the Intersecting Streams, river flow at most sampling sites had ceased until the summer rains provided two major flow peaks.

Figure 4
Median Electrical Conductivity 2011-12
 $(\mu\text{s}/\text{cm})$



Water quality results for salinity in the Border Rivers revealed that the median salinity levels in these waterways were below the low salinity guideline for irrigation water. This indicates that the waters of the system were suitable for irrigation of most crops. However three sites; Oaky Creek, Pike Creek below Glenlyon Dam and Macintyre Brook had salinity levels that were above the guideline for the protection of aquatic ecosystems in upland streams. In the Intersecting Streams salinity levels appear to be of little concern as all the measurements returned low to very low electrical conductivity levels.

Turbidity levels in the Border Rivers showed a gradual increase moving down the system towards Mungindi. The Weir River proved to be consistently the most turbid within the system with levels nearly triple those at Mungindi and was by far the most nutrient rich. The rivers of the Intersecting Streams have the potential to get very turbid with very fine sediments being continually resuspended in the water column. The Warrego River was especially turbid with a value of well over 3,000 NTU recorded in October 2011. The ANZECC 2000 trigger value for turbidity in lowland rivers is 50 NTU. High turbidity reduces light penetration in the water column affecting the photosynthetic ability of aquatic plants which provide food and essential habitat for many aquatic animals.

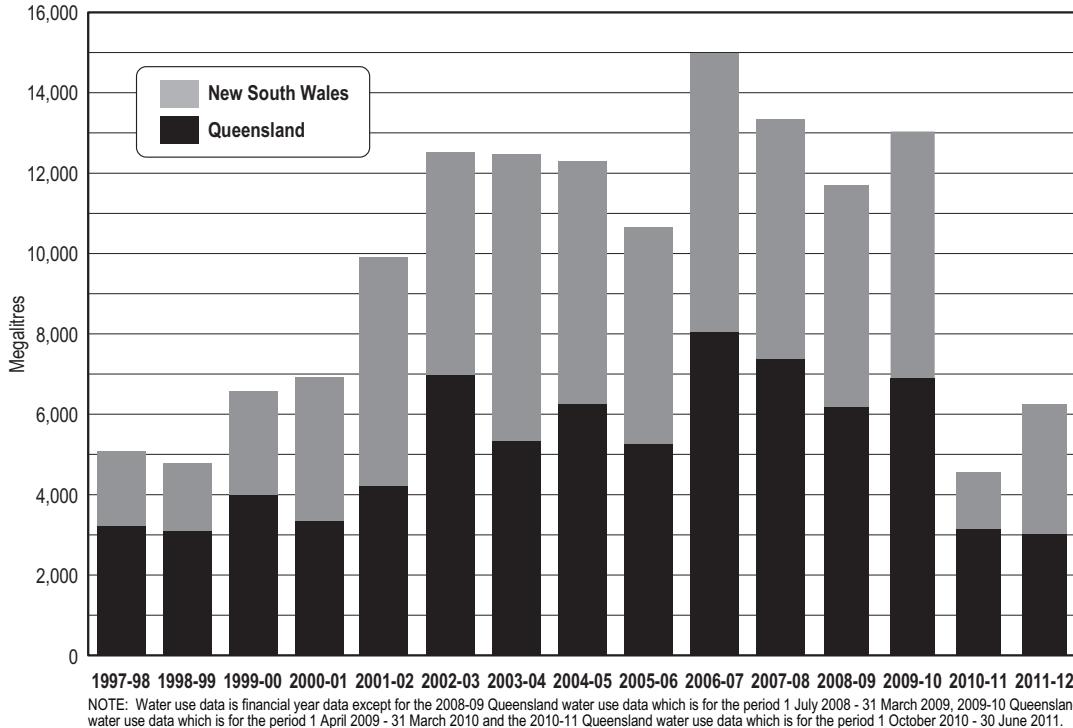
Excessive nutrients can affect the dynamics of aquatic ecosystems directly and indirectly. The most common problem associated with this excess is the stimulation of blue-green algae growth which can change the dynamics of an aquatic ecosystem. In the Intersecting Streams and all the lower sites of the Border Rivers there are sufficient nutrients to provide for excessive algal growth when there are periods of low flows during the warmer months of the year. However in the Intersecting Streams, the high turbidity levels and the very fine suspended sediments that are generally present would be likely to inhibit algal growth by reducing light penetration into the water column. In the Border Rivers the turbulence associated with consistent flows limited the opportunity for algal growth in 2011-12.

Groundwater

During the year, irrigators in the New South Wales and Queensland sections of the Dumareshq River Groundwater Area used 3,242 megalitres and 3,015 megalitres of groundwater respectively. This amounts to approximately 21 per cent of entitlement for each state. This level of use was considerably lower than in the previous nine years due to above average rainfall and high surface water availability during 2011-12 as illustrated in Figure 5.

On 1 June 2012, the Water Sharing Plan for the New South Wales Border Rivers Unregulated and Alluvial Water Sources commenced. Under this plan, the area of the New South Wales alluvium

Figure 5
Dumaresq River Groundwater Area
Groundwater use 1997-98 to 2011-12



that is covered by the Border Rivers Commission Agreement is the New South Wales Border Rivers Upstream of Keetah Bridge Alluvial Groundwater Source.

The resource statistics at the commencement of the plan are shown in Table 1.

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

Following a request from the Border Standing Committee, the Commission agreed to provide total funding of \$165,000 over three years for the development of a new model for the Border Rivers shared groundwater resource. It had been previously determined that the existing model was conceptually flawed and that a new model was required for planning, management and monitoring of the resource into the future.

While the New South Wales Office of Water initially agreed to undertake the development of the model it subsequently advised that it could not undertake the work. The Queensland Department of Science, Information Technology, Innovation and the Arts has now been approached for assistance with model development.

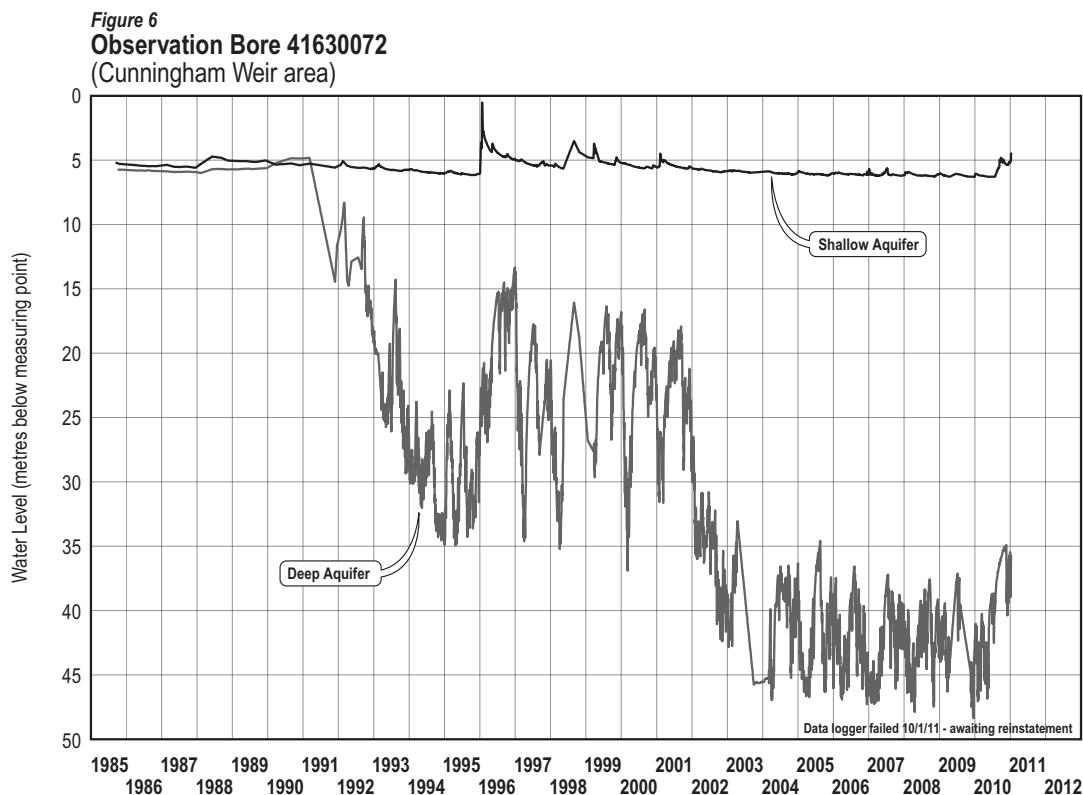
Table 1:
New South Wales Groundwater allocation and entitlements
in the Border Rivers Groundwater Area as at 1 June 2012⁽¹⁾

Total amount of Local Water Utility Access (megalitres)	10
Total number of Local Water Utility Access extraction points	1
Total number of Aquifer Access Licence unit shares	15,392 ⁽²⁾
Long term average extraction limit (megalitres)	8,085
Total number of Aquifer Access Licences	25
Total number of Aquifer Access Licence extraction points completed	49
Total number of Aquifer Access Licences extraction points not completed	1

(1) Table 12 of the Annual Statistics which supplements this report only documents allocation and entitlements for the period up to the 31 May 2012

(2) At the commencement of the plan the available water determination is one megalitre per unit share

Figure 6 shows groundwater levels in an observation bore located in the vicinity of Cunningham Weir over the past twenty-six years. While no data for the bore is available for the latter part of the current reporting period due to the equipment damage that occurred during the flooding in January 2011, some recovery is evident due to the improved climatic conditions of recent years. This recovery is mirrored in other bores across the Commission's monitoring network. Details of individual bore performance for the period 2010-12 can be found in Table 20 of the Annual Statistics publication which is a companion to this report.



FUTURE DIRECTIONS

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

- ensure that the agreed water sharing arrangements are implemented
- provide funding to the states to operate and maintain the existing stream gauging and groundwater monitoring networks
- monitor water quality at 18 sites on the Border Rivers and six sites on the Intersecting Streams.
- continue steps to develop a new model for the Border Rivers shared groundwater resource.

The business and our customers

OBJECTIVES

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

Implement change to address the water reform agendas of the shareholding governments as per the 1994 COAG Agreement and National Water Initiatives.

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

STRATEGIC FOCUS

The Border Rivers Commission manages a "business" responsible for providing 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.

As a result, the Commission now employs the commercial water service providers in Queensland and New South Wales, (SunWater Limited and State Water Corporation respectively), to operate and maintain its works on its behalf whilst the two state departments responsible for water management, the New South Wales Office of Water and the Queensland Department of Natural Resources and Mines, continue to undertake resource monitoring activities on behalf of the Commission.

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 2011-12

Summary of financial results

During 2011-12, the Commission received total revenue of \$2,432,000 comprising the call-up from the states of \$2,200,000, investment revenue of \$213,000 and other revenue of \$19,000. Total expenses due to ordinary activities were \$3,964,000 which included depreciation of \$1,867,000. The Commission's net operating result for 2011-12 was a deficit of \$1,532,000.

Although the Commission regularly records a deficit operating result, the Commission's net financial position continues to improve as the value of its asset base increases at a proportionately higher rate than the annual depreciation expense. The Commission had a cash surplus of \$279,000 in 2011-12, which will be available to fund future works.

Customer consultation

The Commission did not convene a meeting of the Border Rivers Water Services Advisory Committee during the year as customers did not raise any operational concerns that required discussion.

Arrangements for the provision of services to the Commission

Discussions 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, continued again during the year. SunWater are strongly advocating that its service provider relationship with the Commission should be formalised through a contract. The Commission, not being a corporate entity, cannot enter into contracts in its own right and instead relies on the state water agencies to act on its behalf if required. In this case the Department of Natural Resources and Mines declined a request by the Commission to contract on its behalf.

SunWater subsequently agreed to continue providing services during 2011-12 through an exchange of letters, an arrangement that will continue for 2012-13. It is the resolution of issues such as this that in the Commission's view, provides further impetus for reform of the Commission's operating environment.

External initiatives relating to water management of the Border Rivers System

As foreshadowed in last years Annual Report the Murray-Darling Basin Authority (MDBA), through its Basin Officials Committee initiated a consultancy during the year to investigate the costs and benefits of integrating the roles and responsibilities of the Commission into the MDBA. A draft report was received towards the end of the year that has yet to be considered by the Committee. The Commission will continue to assist the Committee in its investigations as required in 2012-13.

In August 2011, the Premiers of Queensland and New South Wales entered into a Memorandum of Understanding (MoU) on “Cross-border Collaboration”. Water resources are identified in the MoU as a priority issue. The New South Wales government has since appointed a Cross-border Commissioner to deal with all New South Wales cross-jurisdictional matters and the Commission sees the Commissioner as a future point of engagement in relation to water management in the Border Rivers and institutional reform initiatives.

Institutional reform investigations

Commissioners have given considerable attention during the year to the long standing issue of the institutional reform of the Commission. They are increasingly concerned about the ability of the Commission to function effectively in both a statutory and operational sense without some meaningful reform.

To enable it to better understand the constraints it faces carrying out its responsibilities, the Commission, through the Department of Natural Resources and Mines, engaged consultant Perienne Pty Ltd to investigate this issue and make recommendations.

The main conclusion of the consultancy was that the Commission and therefore the Queensland and New South Governments as parties to the Border Rivers Agreement face extreme risk unless significant reform is undertaken. To address this risk the main recommendation made by the consultant was that the Commission should divest itself of the majority of its asset ownership and management responsibilities by transferring these responsibilities to one or both of the state water corporations. The Commissioners concur with the consultant’s recommendation as they believe the water corporations are better placed to manage the risk of asset ownership and management on behalf of the two governments.

Whilst recognising the involvement of the MDBA and the potential involvement of the New South Wales Cross-border Commissioner in matters relating to the water management of the Border Rivers system, the Commission considered it would be unconscionable for it to delay its own focus on resolving current institutional risk. Therefore, it is intended that by early 2012-13, the Commission will have finalised a discussion paper for circulation to the water agencies of both states in order to gauge their opinion of the Commission’s reform proposals so that they can advise their respective governments. Before any reform initiatives are progressed the Commission intends to fully engage with all parties that have an interest in the Commission’s business prior to any significant change.

The Commissioner’s are confident workable solutions, which would be acceptable to all parties, can be found to address the constraints the Commission now faces.

Policy register

The Commission maintains a register of policies that is updated from time to time as the need arises. The register, while having value as a historical record of Commission business, includes a number of policies that are redundant within the Commission’s current operating context. During the year the Commission discussed the relevance of the current register and the need to review and amend the register to maintain its usefulness as a corporate resource. Depending on the pace of the significant institutional reform discussions envisaged in 2012-13, the Commission intends to devote time during the next year to continue a review and update of the register.

Development of key performance indicators

The Commission believes that it is essential that it effectively monitor and be in position to report accurately on not only its own performance but also that of its contractors and service providers. The Commission’s business basically consists of three elements namely asset management, natural resource monitoring and management and corporate management.

In the case of asset management the majority of this activity is carried out on the Commission’s behalf by SunWater Limited. A significant component of this activity is statutory compliance. While

the Commission does not have any formal contractual arrangements with SunWater for the provision of services, the form of engagement applying for 2011-12 includes performance targets to be met by SunWater. The Commission determined that it will carry-over to 2012-13 considerations of what key performance indicator arrangements are required beyond that point. This work will be conditional on the progress of institutional reform discussions mentioned elsewhere in this report.

The Commission sees its natural resource monitoring and management responsibilities, which are based on services provided by the states' water agencies, remaining basically unchanged regardless of any institutional reform decisions. The Commission is in effect the investor in these activities, which are of joint value to both states. At the moment there are some inconsistencies in how the two water agencies approach the provision of these services and in 2012-13 the Commission intends to develop a consistent set of performance indicators for these activities.

Included in the Commission's corporate activity are some statutory responsibilities related to administration aspects of asset management. Institutional reform may see these removed from being the responsibility of the Commission. Such remaining responsibilities would be focussed on the secretariat and financial management areas which are well codified at present. The Commission believes that developing performance measures in these areas can be accomplished in 2012-13.

Website

The Commission's website at <www.brc.gov.au> was updated as required during the year 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 for currency and scope.

Consultants

Because the Commission is not a corporate body, it is not able to enter into contracts with consultants itself. Any consultants providing services to the Commission are engaged on the Commission's behalf by one or other of the states' water service providers or by the relevant state government department in either New South Wales or Queensland.

As mentioned previously, during the year Perienne Pty Ltd was engaged by the Department of Natural Resources and Mines on behalf of the Commission to indentify the constraints that restrict the Commission's effectiveness to carrying-out its responsibilities and the attendant risks at a cost of \$36,900. No other consultants were engaged on behalf of the Commission during the year.

Insurance

The Commission's assets are insured under policies held on the Commission's behalf by the Queensland Department of Natural Resources and Mines and the New South Wales Office of Water through the Queensland Government Insurance Fund (QGIF) and the New South Wales Treasury Managed Fund (TMF) respectively. The cover held by the departments on behalf of the Commission also covers the Commission, its servants and the departments with respect to a public liability claim. No claims were made during 2011-12

Internal audit and risk management

The Commission has in place a three part strategy for managing risk. 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, either the relevant Queensland or New South Wales department undertakes an internal audit of the Commission's financial process and practices on its behalf. Finally, the Commission's operations and maintenance contractor, SunWater, is required to manage a best practice risk management system relating to the infrastructure, which it manages on the Commission's behalf.

The Commission is aware of the requirements of the Internal Audit and Risk Management Policy for the NSW Public Sector issued in 2009 by New South Wales Treasury and has instigated investigations into how the Commission, which is a very small statutory authority, will achieve compliance. During 2011-12, the Commission continued to seek expert advice from the relevant New South Wales and Queensland departments about the design and delivery of a "compliant" internal audit process for the Commission. Such enquiries will extend into 2012-13.

Payment of accounts

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

Freedom of information/Right to Information

One right to information request was received during the year through the Department of Natural Resources and Mines. That request was met.

Privacy management

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

Overseas travel

No Commissioners, officers of the Commission or employees of the Controlling Authorities who support the activities of the Commission undertook overseas travel during 2011-12 related to any Commission activity.

Other legislative requirements

The Commission complies with the requirements of other relevant legislation in Queensland and New South Wales through the adoption of the practices and procedures implemented by the Queensland Department of Natural Resources and Mines and the New South Wales Office of Water. No evident breach of compliance occurred during 2011-12.

Production of the annual report

The cost of printing the 2011-12 Annual Report and 2011-12 Annual Statistics was \$6.74 and \$6.46 per copy respectively.

Copies of annual report

Paper copies of the Commission's Annual Report may be obtained by contacting the Secretary of the Dumaresq-Barwon Border Rivers Commission at 203 Tor Street or PO Box 318 Toowoomba Q 4350, by phoning 07 4529 1242 or by email at <brc@derm.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

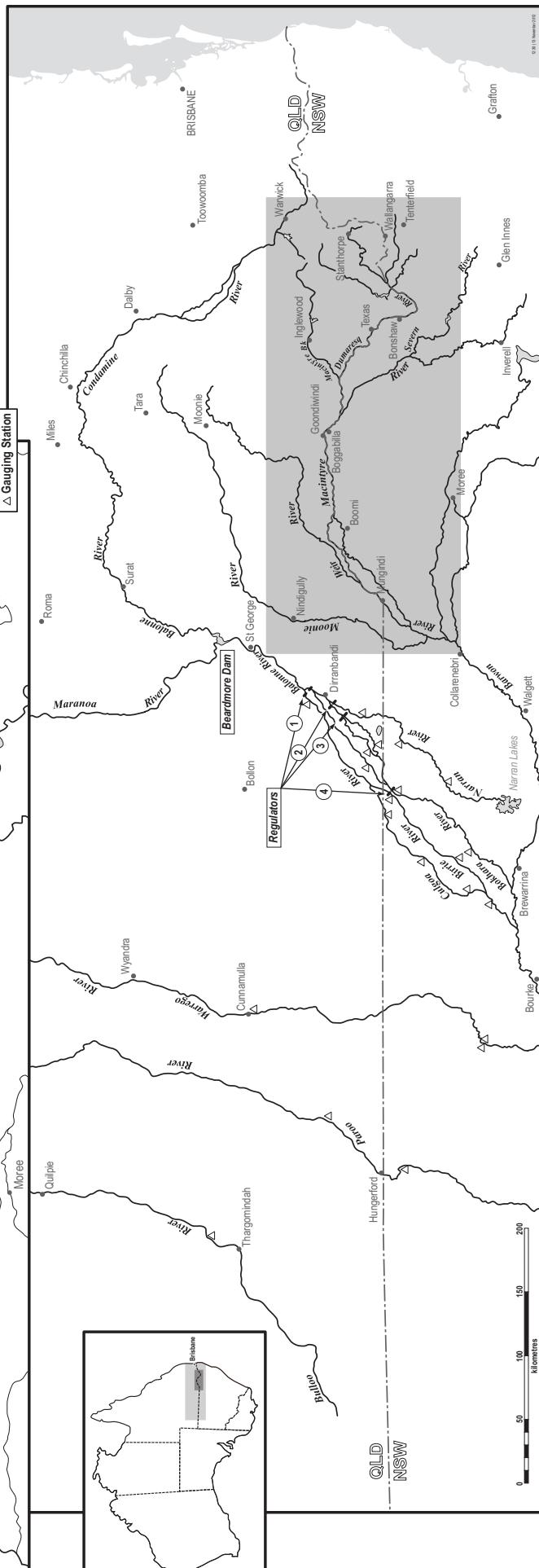
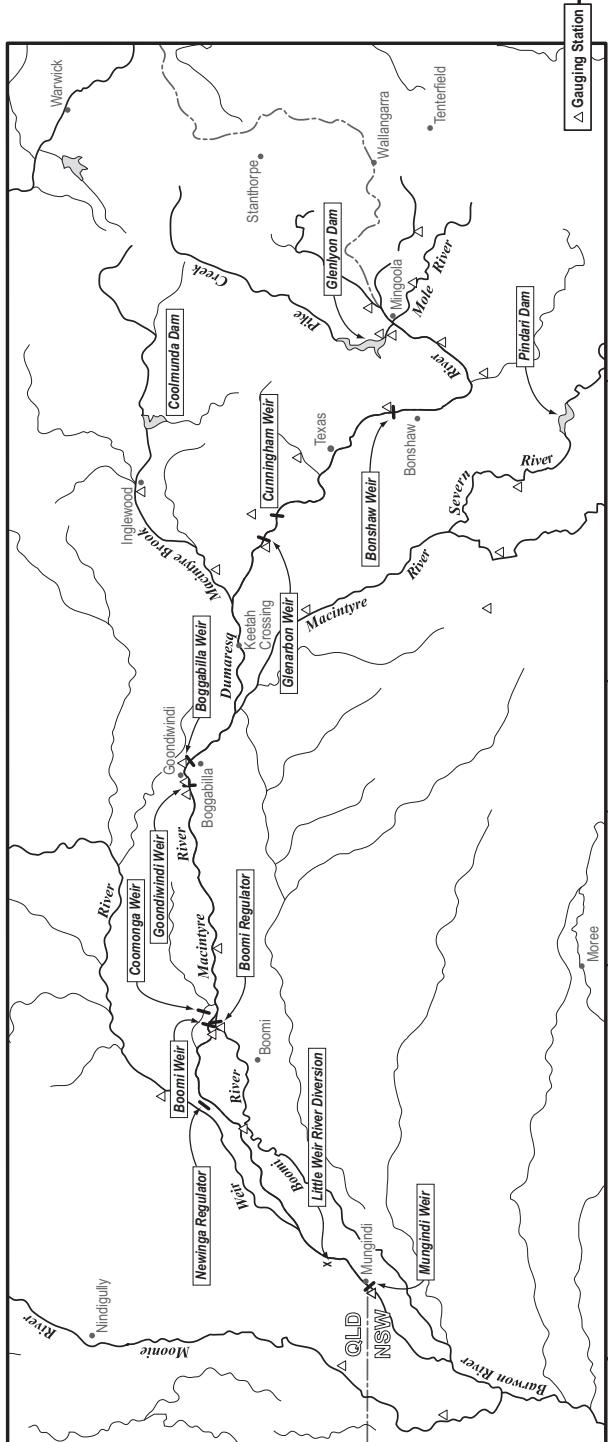
Apart from the Commission continuing to meet its statutory responsibilities, significant projects/activities in relation to our business and our customers which will be commenced and/or completed during 2012-13 include:

- commencement of dialogue with the Controlling Authorities in both states with respect to the institutional changes required to remove the constraints faced by the Commission in effectively carrying out its responsibilities
- continuing involvement if required in the Murray-Darling Basin Officials Committee investigation into the costs and potential benefits of integrating the roles and responsibilities of the Commission into the Murray-Darling Basin Authority
- completion of an update of the Commission's Policy Register
- completion of key performance indicators for those Commission activities not likely to be subject to significant institutional reform.



DUMARESQ - BARWON BORDER RIVERS COMMISSION

OPERATIONS AREAS



Glossary

Acts	<i>New South Wales-Queensland Border Rivers Act 1946</i> (Queensland) and <i>New South Wales-Queensland Border Rivers Act 1947</i> (New South Wales)
Agreement	New South Wales-Queensland Border Rivers Agreement 1946
BOC	Murray-Darling Basin Officials Committee
Border Rivers	the parts of the Dumaresq, Macintyre and Barwon Rivers that constitute the boundary between New South Wales and Queensland from Mingoola to Mungindi
Border Rivers Commission	Dumaresq-Barwon Border Rivers Commission
Commission	Dumaresq-Barwon Border Rivers Commission
Controlling Authorities	Department of Natural Resources and Mines (Queensland) and Office of Water (New South Wales)
Water Agencies	Department of Natural Resources and Mines (Queensland) and the Office of Water (New South Wales)
IGA	New South Wales-Queensland Intergovernmental Agreement 2008
Intersecting Streams	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
MDBA	Murray-Darling Basin Authority
MoU	Queensland-New South Wales Memorandum of Understanding Cross-border Collaboration (2011)
QGIF	Queensland Government Insurance Fund
TMF	New South Wales Treasury Managed Fund

Financial information for 2011-12



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; and
- 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 year 1 July 2011 to 30 June 2012 and of the financial position of the Dumaresq-Barwon Border Rivers Commission at the end of that year.

Mr Warren Martin
Chairman


Date: 1/11/12

Mr Ross Krebs
Commissioner
representing Queensland


Date: 1/10/12

INDEPENDENT AUDITOR'S REPORT

To the Commissioners of Dumaresq-Barwon Border Rivers Commission

Report on the Financial Report

I have audited the accompanying financial report of Dumaresq-Barwon Border Rivers Commission, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Chairman and Commissioner representing Queensland.

The Commissioners' Responsibility for the Financial Report

The Commissioners' are responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Commissioners' responsibility also includes such internal control as the Commissioners determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioners, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The Auditor-General Act 2009 promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the Auditor-General Act 2009 –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Dumaresq-Barwon Border Rivers Commission for the financial year 1 July 2011 to 30 June 2012 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Dumaresq-Barwon Border Rivers Commission for the year ended 30 June 2012. Where the financial report is included on Dumaresq-Barwon Border Rivers Commission's website the Commissioners are responsible for the integrity of Dumaresq-Barwon Border Rivers Commission's website and I have not been engaged to report on the integrity of Dumaresq-Barwon Border Rivers Commission's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

These matters also relate to the presentation of the audited financial report in other electronic media including CD Rom.



N GEORGE CPA
as Delegate of the Auditor-General of Queensland



Queensland Audit Office
Brisbane

DUMARESQ-BARWON BORDER RIVERS COMMISSION
2011-12 Financial Statements

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of Comprehensive Income
for the year ended 30 June 2012**

	Notes	2012 \$'000	2011 \$'000
Income from Continuing Operations			
Grants and other contributions	2a	2,200	2,200
User charges	2b	213	215
Other revenue	2c	19	29
Total Revenue		2,432	2,444
Expenses from Continuing Operations			
Supplies and services	3a	2,079	2,206
Depreciation	3b	1,867	1,044
Other expenses	3c	18	20
Total Expenses from Continuing Operations		3,964	3,270
Loss on disposal	6	-	(186)
Operating Result from Continuing Operations		(1,532)	(1,012)
Other comprehensive income			
Increase in asset revaluation surplus	6	-	70,734
Total Other Comprehensive Income		-	70,734
Total Comprehensive Income		(1,532)	69,722
Total Comprehensive Income Attributable to:			
Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW)		(766)	34,861
Department of Natural Resources and Mines (Qld)		(766)	34,861
Total Comprehensive Income		(1,532)	69,722

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION
Statement of Financial Position
as at 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Assets			
Current Assets			
Cash and cash equivalents	4	3,563	3,284
Receivables	5	43	67
Total Current Assets		3,606	3,351
Non-Current Assets			
Property, plant and equipment	6	137,090	138,957
Total Non-Current Assets		137,090	138,957
Total Assets		140,696	142,308
Liabilities			
Current Liabilities			
Payables	7	268	348
Total Current Liabilities		268	348
Total Liabilities		268	348
Net Assets		140,428	141,960
Equity			
Accumulated Surplus		11,911	13,443
Asset Revaluation Surplus		128,517	128,517
Total Equity		140,428	141,960

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 2012

	Notes	Accumulated Surplus \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance as at 1 July 2010		14,455	57,783	72,238
Operating Result from Continuing Operations		(1,012)	-	(1,012)
Total Other Comprehensive Income				
Increase in Asset Revaluation Surplus	6	-	70,734	70,734
Balance as at 30 June 2011		13,443	128,517	141,960
Balance as at 1 July 2011		13,443	128,517	141,960
Operating Result from Continuing Operations		(1,532)	-	(1,532)
Balance as at 30 June 2012		11,911	128,517	140,428

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION
Statement of Cash Flows
for the year ended 30 June 2012

	Notes	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Inflows			
Grants and Other Contributions		2,200	2,200
User Charges		213	215
Other		43	30
Outflows			
Supplies and Services		(2,159)	(2,148)
Other		(18)	(20)
Net cash provided by operating activities	8	279	277
Net increase in cash and cash equivalents		279	277
Cash and cash equivalents at beginning of financial year		3,284	3,007
Cash and cash equivalents at end of financial year	4	3,563	3,284

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION
Notes to and forming part of the financial statements 2011-12

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 Property, Plant and Equipment**
- Note 7 Payables**
- Note 8 Reconciliation of Operating Result to Net Cash provided by Operating Activities**
- Note 9 Key Executive Management Personnel and Remuneration**
- Note 10 Contingent Liabilities**
- Note 11 Financial Instruments**
- Note 12 Commitments for Expenditure**
- Note 13 Events occurring after Balance Date**

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to and forming part of the financial statements 2011-12

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. There has been a convention that responsibility for the provision of the Commission's audit review would alternate between the respective State Governments on a cyclical basis every 5 years being the term of the various commissioners.

As the Queensland Audit Office takes over responsibility to audit the Commission's financial statements for 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 in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2012, 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.

(b) The Reporting Entity

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 support to be provided by an officer of the Department of Natural Resources and Mines (Queensland) and accounting support to be provided by the Department of Trade and Investment, Regional Infrastructure and Services (New South Wales). Prior to this current arrangement, the Department of Environment and Resource Management (Queensland) provided secretarial support and Department of Environment, Climate Change and Water provided accounting support.

(c) Grants and contributions

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

(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 purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include cash at bank and cash on hand. 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.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to and forming part of the financial statements 2011-12

1 Summary of Significant Accounting Policies (continued)

(f) Receivables

Trade debtors are recognised at the nominal amounts due at the time of sale or service delivery. Settlement on these amounts is required within 14 days from invoice date. There are no trade debtors as at 30 June 2012.

(g) Acquisitions of Assets

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

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(h) Property, Plant and Equipment

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

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

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

(i) Revaluations of Property, Plant and Equipment

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

Plant and equipment is measured at cost in accordance with Treasury's *Non-Current Asset Policies*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Non-current physical assets measured at fair value are revalued on an annual basis by appraisals undertaken by an independent professional valuer or internal expert, or by the use of appropriate and relevant indices. Revaluations based on independent professional valuer or internal expert appraisals are undertaken at least once every five years. However, if a class of asset experiences significant and volatile changes in fair value (i.e. where indicators suggest that the value of the class of asset may have changed by 20% or more from one reporting period to the next), it is subject to such revaluations in the reporting period, where practicable, regardless of the timing of previous such method of revaluation.

The Commission revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The latest revaluation was completed on 30 June 2011 and was based on an independent assessment.

Where indices are used in the revaluation process the Commission ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date. No revaluation increment was done for this financial year because fair value was not materially different from last financial year.

Any revaluation increment arising on the revaluation of an asset is credited directly 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 in which case the increment is recognised immediately as revenue in the profit and loss. 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 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.

(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.

(k) 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.

DUMARESQ-BARWON BORDER RIVERS COMMISSION
Notes to and forming part of the financial statements 2011-12

1 Summary of Significant Accounting Policies (continued)

(k) Depreciation of Property, Plant and Equipment (continued)

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:

Asset category	Number of years
<i>Buildings:</i>	
Buildings - workshop/depot	50
Buildings - houses/office complex	75
<i>Water infrastructure:</i>	
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
<i>Plant and equipment:</i>	
Plant and equipment (at cost)	15

(l) 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.

(m) Payables

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

(n) Insurance

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

(o) Employee Benefits

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

(i) Key Executive Management Personnel and Remuneration

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 9 for the disclosures on key executive management personnel and remuneration.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to and forming part of the financial statements 2011-12

1 Summary of Significant Accounting Policies (continued)

(p) 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 the 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 6

Contingent Liabilities - note 10

The Australian government passed its Clean Energy Act in November 2011 with a start date of 1 July 2012. The legislation will result in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

The flexible market-based price phase of the carbon pricing mechanism will commence on 1 July 2015. It will be preceded by a three-year period during which the price of permits will be fixed at \$23 per tonne or carbon dioxide equivalent in year one, \$24.15 in year two and \$25.40 in year three.

Section 4.3.4 of Queensland Treasury's report on 'Carbon Price Impacts for Queensland' dated August 2011 indicates that, for non-residential construction activities, costs may increase by between 0.7 per cent and 0.8 per cent over the period 2012-13 to 2015-16.

On this basis and other information available, the introduction of the carbon pricing mechanism is not expected to have a significant impact on the Commission's critical accounting estimates, assumptions and management judgements.

(q) 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.

(r) Issuance of Financial Statements

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

(s) Rounding and Comparatives

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

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

(t) New and Revised Accounting Standards

The Commission did not voluntarily change any of its accounting policies during 2011-12. Australian accounting standard changes applicable for the first time for 2011-12 have had minimal effect on the Commission's financial statements, as explained below.

As the Commission held no collateral or other credit enhancements in respect of its financial instruments, and did not renegotiate the terms of any financial assets, during the reporting periods presented in these financial statements, there were no other changes required to the Commission's financial instruments note arising from the amendments to AASB 7 *Financial Instruments: Disclosures*.

AASB 1054 *Australian Additional Disclosures* became effective from reporting periods beginning on or after 1 July 2011. Given the Commission's previous disclosure practices, AASB 1054 had minimal impact on the Commission. One of the footnotes to note 3(c) Other Expenses, regarding audit fees, has been slightly amended to identify the Commission's auditor and clarify the nature of the work performed by the auditor.

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 Treasury Department. 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 expected impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income* [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] applies from reporting periods beginning on or after 1 July 2012. The only impact for the Commission will be that, in the Statement of Comprehensive Income, items within the "Other Comprehensive Income" section will need to be presented in different sub-sections, according to whether or not they are subsequently re-classifiable to the operating result. Whether subsequent re-classification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to and forming part of the financial statements 2011-12

1 Summary of Significant Accounting Policies (continued)

(t) New and Revised Accounting Standards (continued)

AASB 13 *Fair Value Measurement* applies from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements will apply to all of the Commission's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value. The potential impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made in respect of, such assets and liabilities.

The Commission has commenced reviewing its fair value methodologies (including instructions to valuers, data used and assumptions made) for all items of property, plant and equipment measured at fair value to determine whether those methodologies comply with AASB 13. To the extent that the methodologies don't comply, changes will be necessary. While the Commission is yet to complete this review, no significant changes are anticipated, based on the fair value methodologies presently used. Therefore, at this stage, no consequential material impacts are expected for the Commission's property, plant and equipment as from 2013-14.

AASB 13 will require an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. To the extent that any fair value measurement for an asset or liability uses data that is not "observable" outside the Commission, the amount of information to be disclosed will be relatively greater.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2013 -

- AASS 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 127 (revised) *Separate Financial Statements*;
- AASB 128 (revised) *Investments in Associates and Joint Ventures*; and
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*.

These standards cannot be applied by not-for-profit entities prior to their effective date, as the AASB is presently considering modifying them for application by not-for-profit entities in an Australian context. Any such modifications are likely to clarify how the IASB's principles should be applied by not-for-profit entities. Hence, the Commission is not yet in a position to reliably determine the future implications of these new and revised standards for the Commission's financial statements.

AASB 1053 *Application of Tiers of Australian Accounting Standards* applies as from reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential reporting framework for those entities that prepare general purpose financial statements, consisting of two tiers of reporting requirements - Australian Accounting Standards (commonly referred to as "tier 1"), and Australian Accounting Standards - Reduced Disclosure Requirements (commonly referred to as "tier 2"). Tier 1 requirements comprise the full range of AASB recognition, measurement, presentation and disclosure requirements that are currently applicable to reporting entities in Australia. The only difference between the tier 1 and tier 2 requirements is that tier 2 requires fewer disclosures than tier 1.

Details of which disclosures in standards and interpretations are not required under tier 2 reporting are set out in amending standards AASB 2010-2, AASB 2011-2, AASB 2011-6 and AASB 2011-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, Treasury Department's Financial Reporting Requirements effectively do not allow application of AASB 2011-6 in respect of controlled entities, associates or interests in jointly controlled entities.

Pursuant to AASB 1053, public sector entities like the Commission may adopt tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of a regulator to require application of the tier 1 requirements. In the case of the Commission, Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require adoption of tier 1 reporting by all Queensland Government departments (including the Commission) and statutory bodies that are consolidated into the whole-of-Government financial statements. Treasury's policy also prohibits the early adoption of the arrangements outlined in AASB 1053 and its accompanying amending standards. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the Commission.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Commission's activities, or have no material impact on the Commission.

DUMARESQ-BARWON BORDER RIVERS COMMISSION
Notes to and forming part of the financial statements 2011-12

	2012 \$'000	2011 \$'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)	1,100	1,100
Department of Natural Resources and Mines (Qld)	1,100	1,100
	2,200	2,200
(b) User Charges		
Interest on QTC investment	213	215
	213	215
(c) Other revenue		
Rental income	6	29
Others	13	-
	19	29
3 Expenses from Continuing Operations		
(a) Supplies and Services		
Fees for services:		
SunWater Limited (Qld)	768	1,044
Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW)	623	547
Department of Natural Resources and Mines (Qld)	477	447
State Water Corporation (NSW)	144	107
Qld insurance	37	39
NSW insurance	14	-
Administrative allowances	14	19
Superannuation	1	2
Other expenses	1	1
	2,079	2,206
(b) Depreciation		
Buildings	15	15
Infrastructure	1,850	1,027
Plant and equipment	2	2
	1,867	1,044
(c) Other expenses		
Audit fee-financial statements*	13	15
Bank fees and charges	4	4
Other expenses from ordinary activities	1	1
	18	20

* The auditors received no other benefits

DUMARESQ-BARWON BORDER RIVERS COMMISSION
Notes to and forming part of the financial statements 2011-12

4 Cash and Cash Equivalents

	2012 \$'000	2011 \$'000
Cash at bank and on hand	57	16
At call interest bearing investment	3,506	3,268
Total	3,563	3,284

Investments deposited with the Westpac Banking Corporation earned interest at rates 0.01%. (2010-11: Westpac Banking Corporation 0.01%).

Investments deposited with the Queensland Treasury Corporation capital guaranteed fund earned interest at rates between 4.12% to 5.66%. (2010-11: Queensland Treasury Corporation 5.21% to 5.71%).

Refer Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5 Receivables

	2012 \$'000	2011 \$'000
Goods and Services Tax recoverable from ATO	43	67
Total	43	67

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 11.

6 Property, Plant and Equipment

	2012 \$'000	2011 \$'000
Buildings (at fair value)	1,105	1,105
less: accumulated depreciation	(342)	(327)
	763	778
Water infrastructure systems - WIP (at cost)	95	95
	95	95
Water infrastructure systems (at fair value)	190,966	190,966
less: accumulated depreciation	(56,415)	(54,565)
	134,551	136,401
Land (at fair value)	1,676	1,676
	1,676	1,676
Plant and equipment (at cost)	23	23
less: accumulated depreciation	(18)	(16)
	5	7
Total	137,090	138,957

DUMARESQ-BARWON BORDER RIVERS COMMISSION
Notes to and forming part of the financial statements 2011-12

6 Property, Plant and Equipment (continued)

Property, Plant and Equipment Reconciliation	Water Infrastructure Systems			Plant and Equipment 2011 \$'000	Total 2011 \$'000
	Buildings 2011 \$'000	Land 2011 \$'000	2011 \$'000		
	2011 \$'000	2011 \$'000	2011 \$'000		
Carrying amount at 1 July 2010	607	67,186	1,651	9	69,453
Revaluation increments	186	70,523	25	-	70,734
Depreciation	(15)	(1,027)	-	(2)	(1,044)
Disposal	-	(186)	-	-	(186)
Net carrying amount at 30 June 2011	778	136,496	1,676	7	138,957

Property, Plant and Equipment Reconciliation	Water Infrastructure Systems			Plant and Equipment 2012 \$'000	Total 2012 \$'000
	Buildings 2012 \$'000	Land 2012 \$'000	2012 \$'000		
	2012 \$'000	2012 \$'000	2012 \$'000		
Carrying amount at 1 July 2011	778	136,496	1,676	7	138,957
Depreciation	(15)	(1,850)	-	(2)	(1,867)
Net carrying amount at 30 June 2012	763	134,646	1,676	5	137,090

7 Payables

	2012 \$'000	2011 \$'000
Accrued expenditure	254	337
Accrued audit fees	14	11
	268	348

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 11.

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

	2012 \$'000	2011 \$'000
Operating result	(1,532)	(1,012)
Depreciation	1,867	1,044
Write off of assets	-	186
Decrease in receivable	24	1
(Decrease)/Increase in payable	(80)	58
Net cash provided by operating activities	279	277

DUMARESQ-BARWON BORDER RIVERS COMMISSION
Notes to and forming part of the financial statements 2011-12

9 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 2011-12. 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 	Premiers of Queensland and New South Wales	1: 9.10.09 (31.3.12) 2: 19.6.12
Commissioner representing Queensland	<ul style="list-style-type: none"> Control the construction, operation and maintenance of works taken over or constructed by the Commission under the Agreement 	Order in Council	1: 5.10.06 (4.10.11) 2: 9.2.12
Commissioner representing New South Wales	<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 	Order in Council	1: 23.7.08
Deputy Commissioner representing Queensland	<ul style="list-style-type: none"> 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 	Order in Council	1: 5.10.06 (4.10.11) 2: 9.2.12
Deputy Commissioner representing New South Wales	<ul style="list-style-type: none"> Arrange for river flows and groundwater levels to be effectively monitored. 	Order in Council	1: 23.7.08
Secretary	•Executive support to the Commission	Resolution of Commission	1: 1.4.02 (23.11.11) 2: 23.11.11
Accountant	•Accounting support to the Commission	Resolution of Commission	1: 29.1.10 (31.3.12)

(b) Remuneration

Remuneration is paid only to the Chair of the Commission in the form of an allowance and statutory superannuation. Others do not receive any form of remuneration.

Position (date ceased)	Short Term Employee Benefits		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base \$'000	Non-monetary Benefits \$'000	\$'000	\$'000	\$'000	\$'000
Chair of the Commission 1: 1.7.11 (31.3.12) 2: 19.6.12	14	-	-	1	-	15

DUMARESQ-BARWON BORDER RIVERS COMMISSION
Notes to and forming part of the financial statements 2011-12

10 Contingent Liabilities

	2012	2011
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 is currently 73% of the Acceptable Flood Capacity under the Queensland's Guidelines for Acceptable Flood Capacity of Dams, February 2007. Under those guidelines it will be necessary for the Commission to upgrade the spillway capacity to at least 75% of the Acceptable Flood Capacity by 2025 and to 100% of the Acceptable Flood Capacity by 2035. SunWater Limited, who undertook the investigation on the Commission's behalf, recommended that for cost effectiveness a single stage upgrade be undertaken at Glenlyon Dam to increase the capacity of the spillway to 100% of the Acceptable Flood Capacity by 2025. The cost of the upgrade to Acceptable Flood Capacity is estimated to be \$11.5 million. The Commission has not yet entered into a contract to undertake the work.

11 Financial Instruments

(a) Categorisation of Financial Instruments

The Commission has the following categories of financial assets and financial liabilities.

Financial Assets	Note	Category	Carrying Amount	
			2012 \$'000	2011 \$'000
Cash and cash equivalents	4	N/A	3,563	3,284
			3,563	3,284

Financial Liabilities	Note	Category	Carrying Amount	
			2012 \$'000	2011 \$'000
Payables	7	Financial liabilities measured at amortised cost	268	348
			268	348

(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. Collectibility 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. Sales are made on 14 day terms.

There are no trade debtors as at 30 June 2012.

DUMARESQ-BARWON BORDER RIVERS COMMISSION
Notes to and forming part of the financial statements 2011-12

10 Contingent Liabilities (continued)

(d) Liquidity risk

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

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

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

	Note	Maturity Dates				\$'000
		1 year or less	1 to 5 years	Greater than 5 years	Total	
		\$'000	\$'000	\$'000		
30 June 2012						
Payables	7	268	-	-	268	
		268	-	-	268	
30 June 2011						
Payables	7	348	-	-	348	
		348	-	-	348	

(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 minimises this risk by having the majority of its monies invested with the Qld Treasury Corporation. The Commission uses a reasonably possible change of +/- 1% to assess its exposure to interest rate risk, which is consistent with trends in interest rates. The analysis is performed on the same basis as for 2011. The Commission's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2012					
<i>Financial assets</i>					
Cash and cash equivalents	3,563	(36)	(36)	36	36
<i>Financial liabilities</i>					
Payables	268	-	-	-	-
2011					
<i>Financial assets</i>					
Cash and cash equivalents	3,284	(33)	(33)	33	33
<i>Financial liabilities</i>					
Payables	348	-	-	-	-

12 Commitments for Expenditure

The Commission is not aware of any commitments for expenditure for financial years 2011-12 and 2010-2011.

13 Events Occurring after Balance Date

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

Notes
