

*Dumaresq-Barwon
Border Rivers Commission*



***Annual Report
2012-13***

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 2013.

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 I am pleased to present the Annual Report 2012-2013 and financial statements for the Dumaresq-Barwon Border Rivers Commission.

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



Ross Krebs
Commissioner for Queensland

Dumaresq-Barwon Border Rivers Commission
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, I 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 2013.

Yours sincerely



Warren Martin
Chair



Peter Christmas
Commissioner for New South Wales

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Contents

2012-13 at a glance.....	1
Chair's report.....	2
The Commission	5
The water infrastructure	9
The water resources.....	12
The business and our customers	19
Financial statements for the year ended 30 June 2013.....	24

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.

2012-13 at a glance

Meetings

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

Operating environment

- The Commission undertook a series of activities to maintain and improve its operating environment. These included updating the Risk Register, continuing with the Institutional reform process and instigating the development of a new Border Rivers Groundwater model.

Emergency event operations

- With Glenlyon Dam remaining below 100% capacity throughout the year, there were no flows over the spillway and subsequently no emergency events recorded.

Water Sharing

- With Glenlyon Dam remaining close to full for the year, ample volumes of regulated water were available to be extracted with 150 gegalitres and 49 gegalitres 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 38.6 gegalitres and 58.5 gegalitres 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 2.6 gegalitres and 3.7 gegalitres 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 2012-13 Glenlyon Dam was close to full capacity (90%) as were other public and private storages in the Border region.

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

- Beardmore Dam received inflow from two significant flow events during February 2013 (840 GL) and March 2013 (690 GL) from the middle Condamine and upper Condamine respectively
- A volume of 91,850 megalitres of environmental, stock and domestic water was accounted for and allowed to pass downstream. Of this volume only 1,500 megalitres was stored for later release.
- There were no significant flows recorded in either the Warrego or Paroo River systems during the water year. There was a moderate flow event in the Moonie River during March 2013 where a volume of 55,000 megalitres passed the Nindigully gauging station.

Financial position

- The Commission's net increase in cash for 2012-13 was \$449,000. At 30 June 2013, the Commission's accounts showed a total financial reserve of \$4,012,000.

Chair's Report

During 2012-13, the Dumaresq Barwon Border Rivers Commission continued to manage its financial, water operations, water resource management and asset management responsibilities within the constraints of the current statutes and Agreements.

I indicated in last year's Annual Report, there is a need for reform of the Commission's future powers, roles, obligations and rights and the institutional framework on which they are based. During this financial year work has progressed on a scoping study of such reform needs.

Financially, the Commission maintained its policies of previous years, which involves funding by New South Wales and Queensland in equal "call up" shares, through primarily an investment account managed by the Commission. The investment account as at 30 June 2013 held \$3,647,626, which will sustain the Commission's activities without increasing the states' "call up" amount under the Commission's current projected 5 year programmes. During the year, the Commission was required to address management aspects of future auditing responsibilities. This has been resolved and there are details on that matter within the financial reporting section of this report.

The Queensland Audit Office has audited the Commission's financial statements for 2012-13 and found them to be in order.

The operational water management oversight continued to be the responsibilities of the Commission's "Management Committee" and the "Border Standing Committee" within their respective accountabilities. New South Wales and Queensland water corporations¹ continued to provide on a fee-for-service basis, river operations and asset management services at agreed levels of performance. The outcome of which has been the effective "running of the river" to deliver water to border river users. Each state is provided at regular intervals with Commission approved "bulk water" quantities, from which each state bases its respective internal allocations to their Border rivers' water users. No major environmental issue arose during the year relating to operational water management in the regulated streams. However, in the unregulated intersecting streams there were water quality records which indicate that some aquatic organisms could potentially experience stress due to high salt concentrations.

At 30th June 2013, the primary storage, Glenlyon Dam held 90% of its full capacity a drop of 6% from the start of the year. At the start of the 2012-13 water year, the total approved water available, via the Commission's resource assessment process was 243,220 megalitres. This volume was about 6,000 megalitres less than for 2011-12 indicating a drying of the catchments in 2012-13. The Bureau of Meteorology forecast in early 2013 that the expectations in 2013-14 are for further dry conditions along the border region.

The resource management activities relate fundamentally to monitoring programmes in each state on water quality, river flows and groundwater behaviour. The respective State water agencies manage the broad policies, databases, assessments and responses to the monitoring outcomes. The Commission's traditional roles have been

¹ NSW – State water Corporation and Queensland's - SunWater

the “banker” for the agreed Border Rivers programmes and having a watching brief on outcomes. Groundwater levels have shown some recovery due to the improved climatic conditions of recent years.

The focus of the asset management programs was directed to undertaking a scheduled annual maintenance programme with the majority of the work directed to Glenlyon Dam and Boggabilla Weir. There was limited planned work involving capital expenditure. As the Commission contracts the maintenance activities to mainly Queensland’s SunWater, the key requirement of the Commission is to ensure funding is available and to overview performance of the service providers.

During 2012-13, there were concerns raised by the Queensland Office of the Water Supply Regulator relating to the Commission meeting its obligations to prepare a drinking Water Quality Management Plan for a supply system at Glenlyon Dam. This has now been resolved to the Regulator’s satisfaction.

As indicated earlier the Commission’s 2012-13 focus was on institutional issues by progressing the above-mentioned scoping study. This work has been driven primarily by identified concerns of the Commission within its risk management areas and conclusions from the independent consultants’ reports.

The first is a 2011-12 report² to the Commission from Perienne Pty Ltd, which found as one conclusion, that: -

“the Commission faces unacceptable risks in the functional areas associated with its roles as an owner and manager of assets.

The second is a report³ commissioned by the Murray-Darling Basin Authority and its conclusions in part included: -

“The key concern is that the current arrangements may not enable the BRC to adequately manage and minimise some key risks or ensure delivery of its services in the most effective way possible.

In 2012-13, the Commission’s initial scoping work covered examinations of the statutory powers, accountabilities, obligations and rights of the Commission and the risks and constraints on the Commission’s ability to manage effectively. The objective of this work was to present options for the future framework of the Border Rivers system’s management, which would address these risks and constraints and best align with the modern directions in water policies and practices. The planned action from this work is to establish a formal working group to provide detailed assessments of reform options for the Commission during 2013-14 with a view to presenting options to the Queensland and New South Wales’ governments for future Border River institutional management.

In November 2012, the Murray Darling Basin Plan was finalised. Its implementation now rests with finalising agreement with the participating states. This may have potential impacts on future management of the Border Rivers system. The state Border Rivers Commissioners maintain a watching brief on behalf of the Commission on the Basin Plan’s implementation progress and influences on the Border Rivers system.

² - “Dumaresq-Barwon Border Rivers Commission Operating Constraints Consultancy” – Perienne Pty Ltd 2011

³ , - “An assessment of costs and the potential benefits of integrating the functions and assets of the Border Rivers Commission into the Murray-Darling Basin Authority”. Murray Darling Basin Authority 2012

The Commission 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 and those officers of the New South Wales and Queensland agencies, which assisted the Commission in the carrying-out of its business.

In closing, I would like to thank the staff who directly serviced the Commission and the Commission's Management Committee members for their continuing diligence during 2012-13 and this year particularly acknowledge on behalf of the Commission, the dedicated service of Mr Phil Sterns as the Commission's Project Officer.

A handwritten signature in black ink, appearing to read 'Warren Martin', with a long horizontal stroke extending to the right.

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 (the Agreement) 1946 as ratified by the *New South Wales-Queensland Border Rivers Act 1946* (Queensland) and the *New South Wales-Queensland Border Rivers Act 1947* (New South Wales).

Commission's duties and functions

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

- determine the quantities of water available to the states, under the agreed water sharing arrangements, from the Border Rivers and from the shared dams and weirs
- control the construction, operation and maintenance of works taken over or constructed 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 2012-13 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 2012-13 Mr Krebs was Program Director, Murray Darling, South 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 2012-13 Mr Christmas was Program Coordinator, Water Management and Implementation in the New South Wales Office of Water.

The deputy commissioners during 2012-13 were:

Mr GK (Gary) Burgess

Deputy Commissioner representing Queensland

Mr Burgess was appointed to the position from 9 February 2012 until 8 February 2017. During 2012-13 Mr Burgess was Director, Water Planning, Central in the Queensland Department of Natural Resources and Mines.

Mr PR (Paul) Sanders

Deputy Commissioner representing Queensland

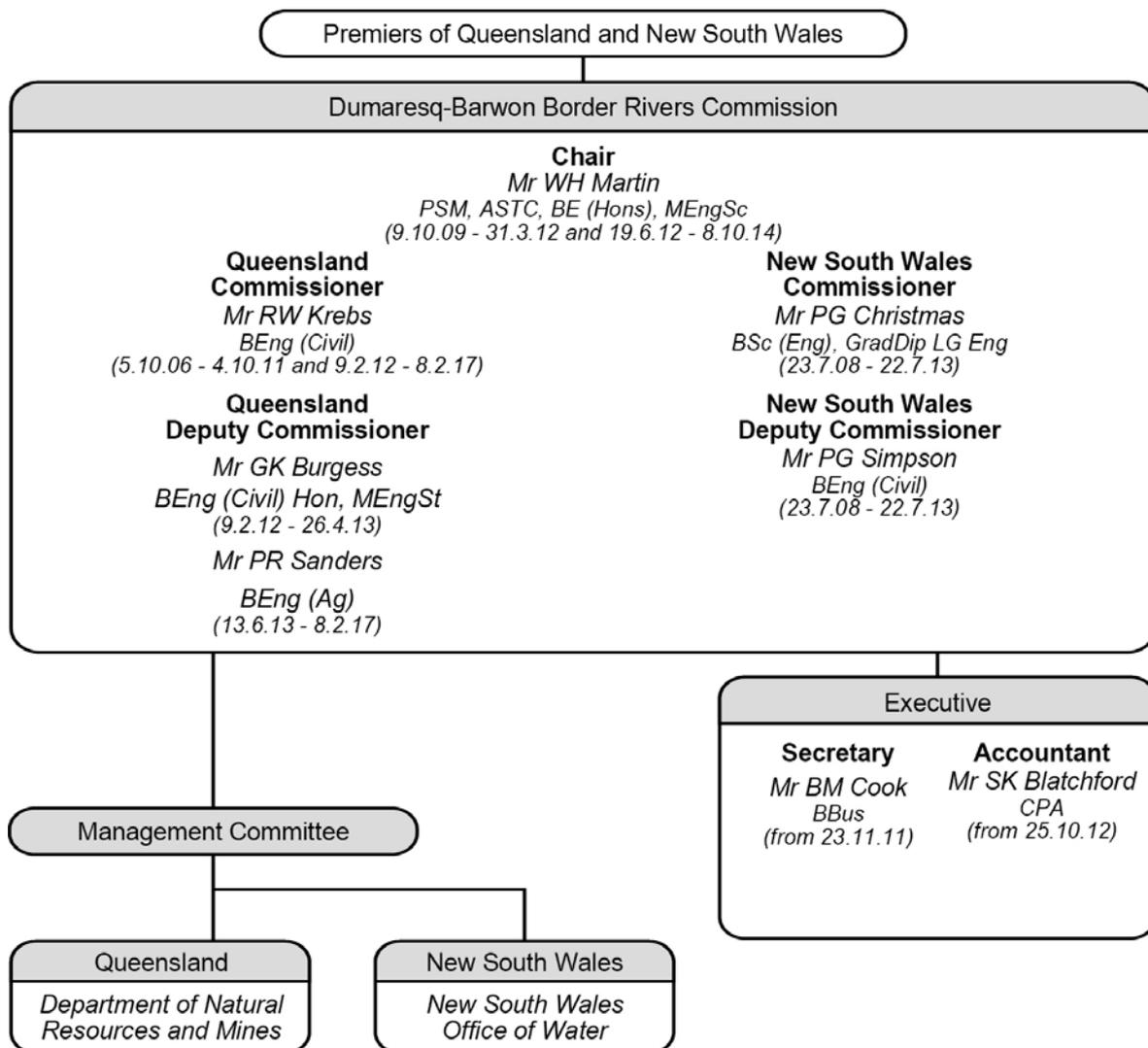
Mr Sanders was appointed to the position from 13 June 2013 until 8 February 2017 as a replacement for Mr GK Burgess who resigned from the Commission on 26 April 2013. During 2012-13 Mr Sanders was Regional Manager, Water Services, South Region in the Queensland Department of Natural Resources and Mines.

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 2012-13 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 Brian Cook, and its accountant, Mr Stephen Blatchford. Mr Cook and Mr Blatchford are employees of the Queensland Department of Natural Resources and Mines.



Meetings

The Commission met on two occasions during the year. Meeting No 173 of the Commission was held in Brisbane on 5 December 2012 and meeting No 174 in Sydney on 4 June 2013. 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, the Queensland Department of Energy and Water Supply and the New South Wales Office of Water manages the day-to-day affairs of the Commission on its behalf.

During 2012-13 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 Goudie being the chair in 2012-13.

The management committee met formally on two occasions during the year on 30 October 2012 and 1 May 2013. Other business during the year was conducted out-of-session.

Access

The Commission may be contacted through its secretary as follows:

The Secretary

Dumaresq-Barwon Border Rivers Commission

c/- Department of Natural Resources and Mines

PO Box 318

Toowoomba Q 4350

Phone: (07) 4529 1242

Fax: (07) 4529 1554

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

Web: www.brc.gov.au.

The water infrastructure

OBJECTIVES

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

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

Further details of the infrastructure controlled by the Commission may be found in its report, *Annual Statistics 2012-13*, which is available from the Commission or from its web site.

KEY OUTCOMES DURING 2012-13

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.

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. Sourcing appropriate data has been included in the Commission's 2013-14 work plan.

Emergency event operations

With Glenlyon Dam remaining below 100% capacity throughout the year, there were no flows over the spillway and subsequently no emergency events recorded.

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 2012-13.

Planned maintenance and renewals

The Commission continued its program of planned maintenance and renewals to maintain the infrastructure under its control in good order, as advised by its service provider, SunWater Limited. Some projects such as the Dam Break Analysis for Glenlyon Dam and funding of the development of the Border Rivers Groundwater Model have been rescheduled to progress during 2013-14. The major projects undertaken during the year were the refurbishment of the lifting gear at Glenlyon Dam and the stabilisation works at Goondiwindi Weir.

Asset management

The Commission undertook their annual scheduled maintenance programme with the majority of work being delivered at Glenlyon Dam and Boggabilla Weir. The inlet tower gantry crane at Glenlyon Dam was refurbished in line with statutory requirements whilst stabilisation works were undertaken at Goondiwindi Weir by its contractor SunWater. As in previous years, the Commission's five-year Asset Management Plan was reviewed and updated to allow it to meet its statutory and water delivery requirements.

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 is operated by private lessees and provides facilities for those wishing to stay longer. It was estimated that more than 74,000 people visited Glenlyon Dam during the year, which was a slight decrease over the previous year.

FUTURE DIRECTIONS

Works to be commenced and/or completed during 2013-14 include:

- continuing activity to revise the dam break analysis for Glenlyon Dam
- refurbishment of cone valves at Glenlyon Dam as per SunWater's Asset Management Program
- installation of a flow measuring device at the Newinga Regulator and
- undertake design and installation of a locking method for the 2150mm butterfly valve at 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 (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 2012-13

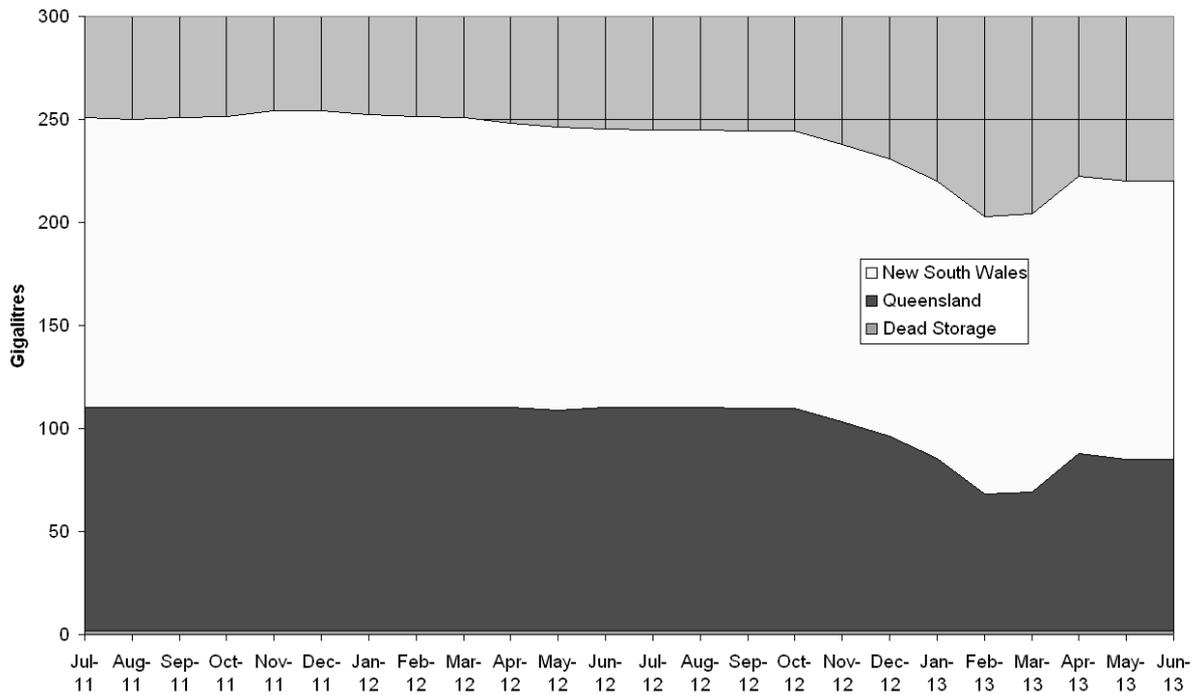
Water sharing

Resource assessments were routinely carried out by the Commission at least once per month, and more often when required, to calculate the volumes of regulated water in the Border Rivers available to be shared between the states. During the year, 188724 megalitres and 107510 megalitres of water were distributed during the year to New South Wales and Queensland respectively for general use.

In the 12 month period from 1 July 2012 New South Wales water users diverted 150140 megalitres of regulated water and Queensland water users diverted 49030 megalitres, well within the approved allocation limits.

Improved climatic conditions during the year saw the storage level at Glenlyon Dam slightly 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.

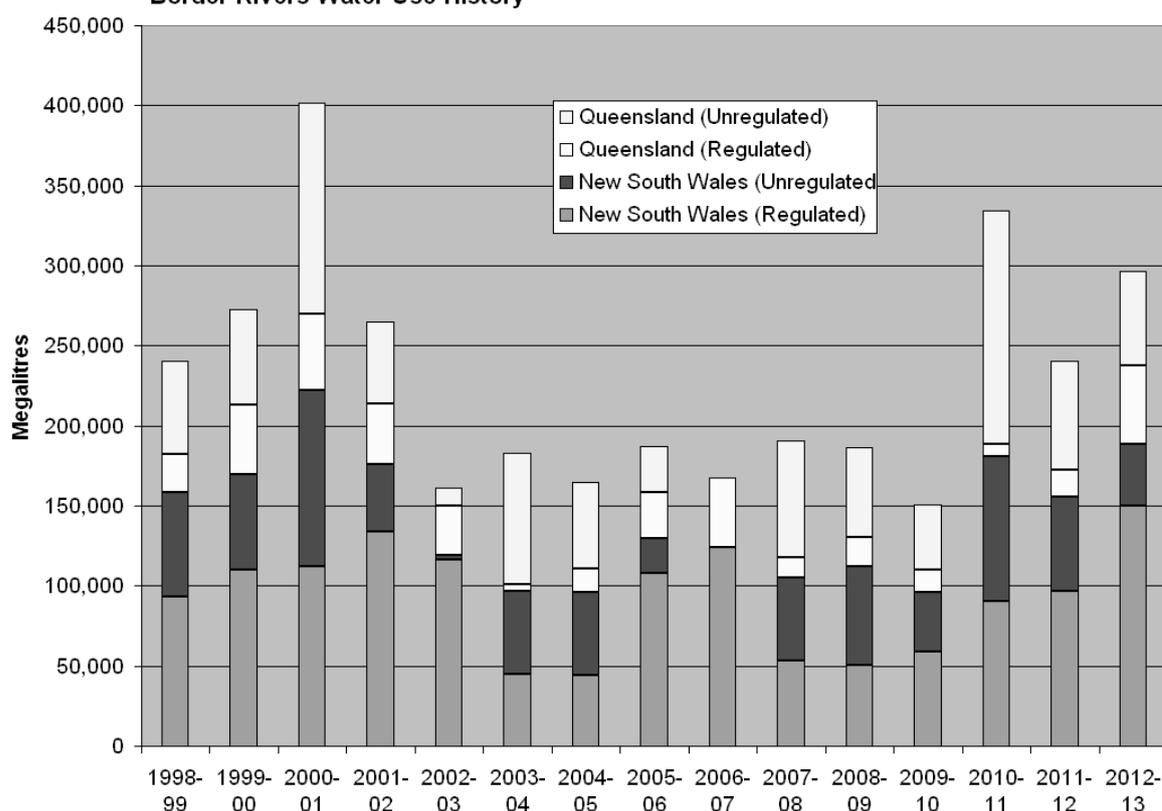
Figure 1
Glenlyon Dam Storage performance and New South Wales - Queensland water shares



Water users were granted a number of opportunities to pump unregulated water from the Border Rivers during the year. In total 38584 megalitres and 58480 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 previous decade.

Figure 2
Border Rivers Water Use History



Beardmore Dam environmental, stock and domestic releases

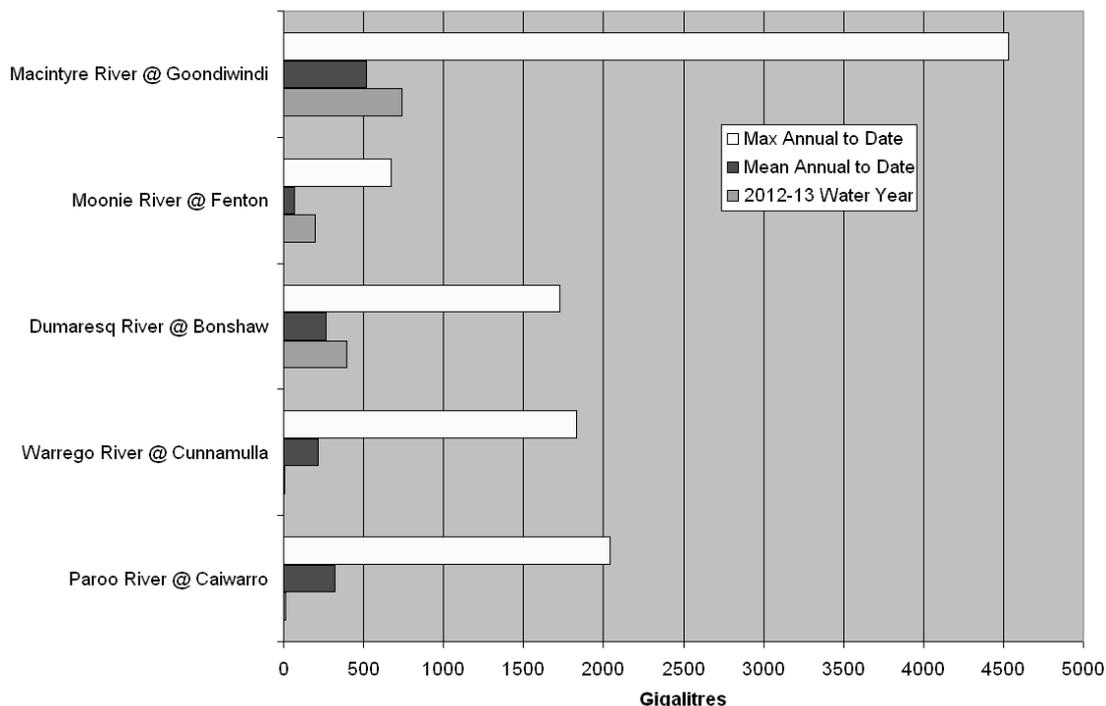
The environmental and stock and domestic water was managed in accordance with the flow event management rules as prescribed in the amended Condamine and Balonne Resource Operations Plan. [being in effect since April 2010], Previously this water was referred to as “compensation water” in the Interim Resource 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. Beardmore Dam received inflow from two significant flow events during February and March 2013 with 840 GL and 690 GL from the middle and upper Condamine respectively.

Flow in the intersecting streams

There were no significant flows recorded in either the Warrego or Paroo River systems during the water year. There was a moderate flow event in the Moonie River during March 2013 where a volume of 55,000 megalitres passed the Nindigully gauging station. 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
Border & Intersecting Streams - Selected Flow Comparisons



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

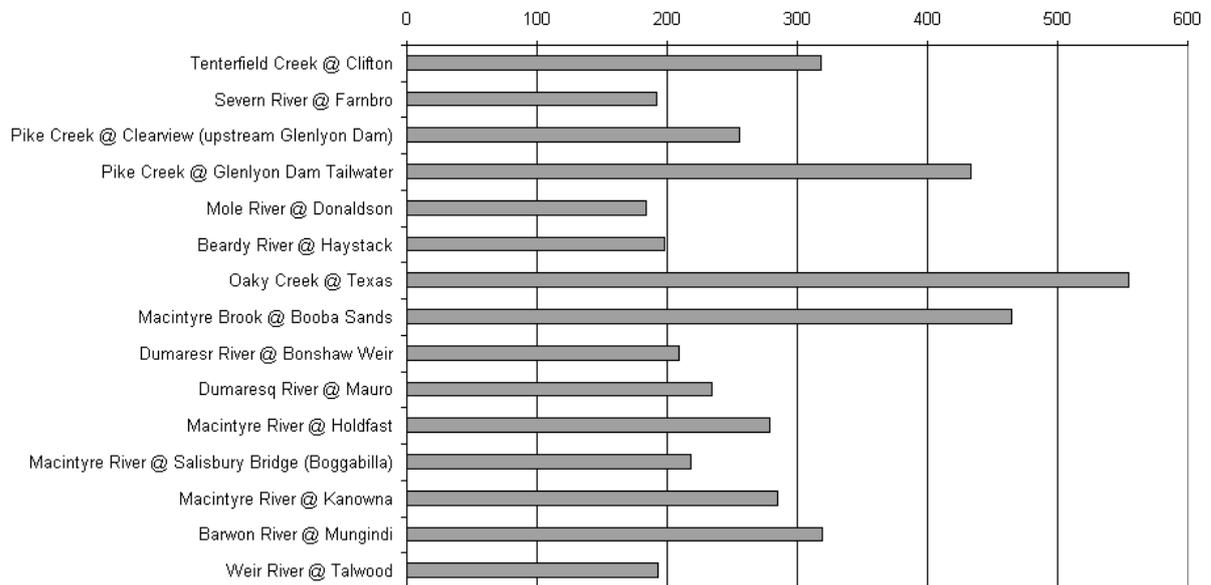
The New South Wales Office of Water monitored water quality at 16 sites in the Border Rivers and six sites in the Intersecting Streams on behalf of the Dumaresq-Barwon Border Rivers Commission (DBBRC) on a monthly basis. The parameters measured include water temperature, electrical conductivity, turbidity, total nitrogen and total phosphorus. This 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 DBBRC's *Annual Statistics 2012-13* report that is available from the Commission or its website.

All the sites in the Border Rivers had flows during sampling visits except for Oaky Creek. Sampling was hampered in the western part of the catchment due to road closures from rainfall. The inaccessible sites were Mungindi and Talwood which were not able to be sampled on one occasion. Kanowna was not able to be sampled on three occasions.

The Border Rivers and Intersecting Streams received the bulk of their water during February and March of 2013. In the Intersecting Streams, most of the sites had stopped flowing until the summer rains created good runoff and significant flows in February. Another peak inflow occurred at most sites in March. One notable

exception for these flow peaks was the Warrego River which did not receive any significant flows after September 2012.

Figure 4
Median Electrical Conductivity 2012-13 (us/cm)



Electrical conductivity measurements used to assess salt concentrations revealed that the salt concentrations in the Border Rivers were below 600 μ s/cm and thus suitable for the irrigation of most crops. Sites on Oaky Creek, Macintyre Brook and Pike Creek below Glenlyon Dam had median values above 350 μ s/cm exceeding the recommended limit for aquatic ecosystems. Salt concentrations in the Intersecting Streams were similar to that of the Border Rivers, with three sites Narran, Bokhara, and Culgoa rivers returning medians that were in excess of what is recommended for the aquatic environment. None of the Intersecting Streams returned salt values that exceeded the recommendation for irrigation.

Excessive nutrients can impact the aquatic environment by causing excessive growth of algae. This excessive algal production can cause the water to be contaminated with blue-green toxins that can be detrimental to many forms of life. Most of the rivers in the two project areas had high nutrient concentrations. The western part of the Border Rivers and all of the Intersecting Streams were the areas that had the biggest issues in regard to nutrients. Under optimal circumstances algal blooms would not likely be limited by nutrient availability. The turbidity values in the lower end of the Border Rivers and all the intersecting Streams are very high with very fine sediments being held in suspension for long period or indefinitely. All the western part of the Border Rivers exceeded the guideline value of 50NTU, with the Moonie and Paroo Rivers fairsing the worst with values over 400 NTU.

Groundwater

During the year, irrigators in the New South Wales and Queensland sections of the Dumaresq River Groundwater Area used 2587 megalitres and 3696 megalitres of groundwater respectively. This amounted to approximately 17 per cent of entitlement for New South Wales and 26 per cent for Queensland. This level of use was slightly lower for New South Wales and slightly higher for Queensland compared to the previous year 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 that is covered by the Border Rivers Commission Agreement is the New South Wales Border Rivers Upstream of Keetah Bridge Alluvial Groundwater Source.

The commencement of the plan turns on the Water Management Act 2000 in the area of the plan. This Act allows for trading of unit shares. You do not have to own land to own water. The number of aquifer access licences can grow (if holders split share holdings) or reduce (if holders amalgamate share holdings) and the number of extraction points (bores) can also grow or reduce. The total number of shares will remain the same and usage will be restricted to the long term average extraction limit.

The resource statistics as at 1 August 2013 under the plan are shown in Table 1.

Table 1: New South Wales Groundwater allocation and entitlements in the Border Rivers Groundwater Area as at 1 August 2013 ⁽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 ⁽¹⁾
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) At the commencement of the plan the available water determination is one megalitre per unit share	

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.

The Queensland Department of Science, Information Technology, Innovation and the Arts has now been approached to produce a project plan to progress development of the above model.

Figure 5
Dumaresq River Groundwater Area Use 1998-99 to 2012-13

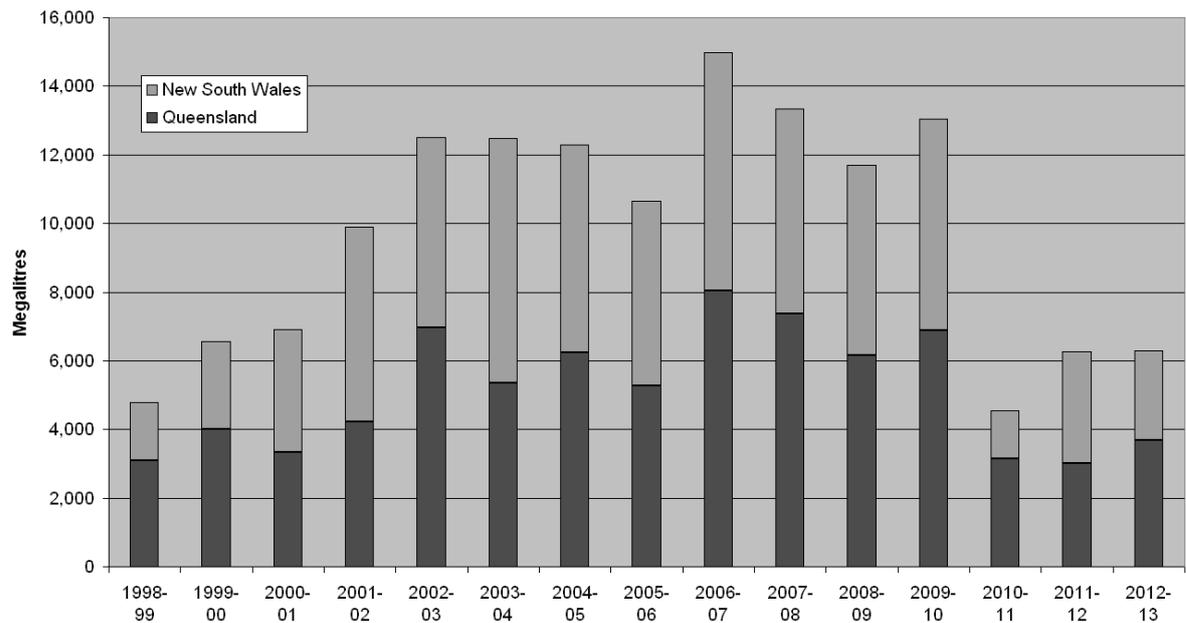
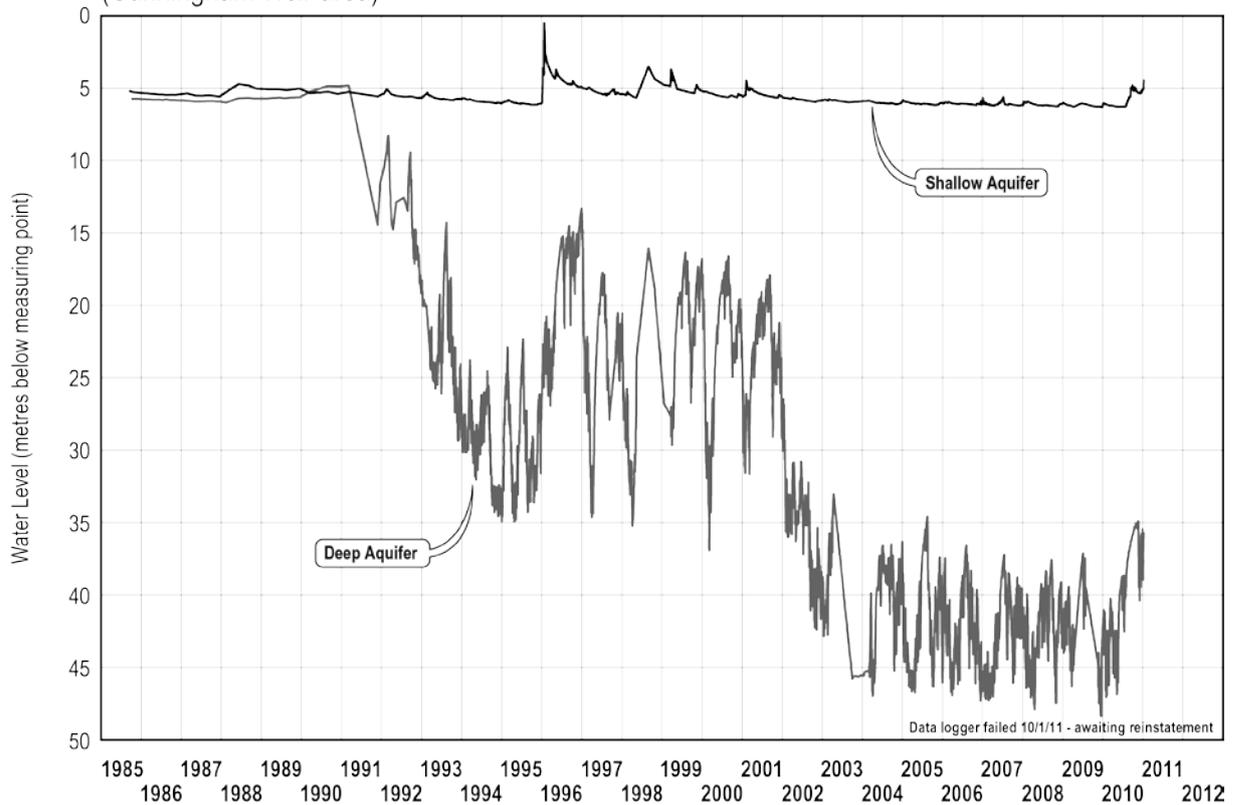


Figure 6 shows groundwater levels in an observation bore located in the vicinity of Cunningham Weir over the past twenty-six years. While no data for the bore is available for the latter part of the current reporting period due to the equipment damage that occurred during the flooding in January 2011, 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 2011-13 can be found in Table 20 of the Annual Statistics publication which is a companion to this report.

Figure 6
Observation Bore 41630072
(Cunningham Weir area)



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 16 sites on the Border Rivers and six sites on the Intersecting Streams and
- 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 2012-13

Summary of financial results

During 2012-13, the Commission received total revenue of \$2,385,000 comprising the call-up from the states of \$2,200,000, investment revenue of \$145,000 and other revenue of \$40,000. Total expenses due to ordinary activities were \$3,969,000 which included depreciation of \$1,856,000. The Commission's net operating result for 2012-13 was a deficit of \$1,584,000.

The Commission had a cash balance of \$4,012,000 as at the 30 June 2013, which will be available to fund future works and their operations.

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 2012-13. 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 2012-13 through an exchange of letters, an arrangement that will continue for 2013-14. 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

During 2012-13, the Murray Darling Basin Plan was successfully passed through the Commonwealth parliament. Its implementation is now contingent on finalising agreements with the participating states, which may have potential impacts on the future management of the Border Rivers system.

Institutional reform investigations

A main focus of the Commission this year was on progressing institutional reform issues identified by previous independent consultants reports. The Commission's initial scoping study covered examination of the statutory powers, accountabilities, obligations and rights of the Commission and the risks and constraints on the Commission's ability to manage effectively. The objective of this work is to present options for the future framework of the Border Rivers system's management. The planned action from this work is the establishment of a formal working group to provide assessments of reform options for the Commission during 2013-14 and to then present options to the governments of New South Wales and Queensland for future Border Rivers institutional management.

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 2013-14, the Commission intends to devote time during the next year to continue a review and update of the register.

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. Nil consultants were engaged on the Commission's behalf during 2012-13.

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 2012-13

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 2012-13, 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 2013-14.

Payment of accounts

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

Freedom of information/Right to Information

No right to information requests were received during the year.

Privacy management

The Commission complies with the privacy management requirements applying to the Queensland Department of Natural Resources and Mines and the New South Wales 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 any overseas travel during 2012-13 related to any Commission related activity.

Other legislative requirements

The Commission complies with the requirements of other relevant legislation in Queensland and New South Wales through the adoption of the practices and procedures implemented by the Queensland Department of Natural Resources and Mines and the New South Wales Office of Water. No evident breach of compliance occurred during 2012-13.

Production of the annual report

Due to new Annual Reporting guidelines in both states and the fact the report was compiled and printed in-house, the cost of printing the 2012-13 Annual Report and 2012-13 Annual Statistics was minimal.

Copies of annual report

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

FUTURE DIRECTIONS

Apart from the Commission continuing to meet its statutory responsibilities, significant projects/activities in relation to our business and our customers which will be commenced and/or completed during 2013-14 include:

- continue dialogue with the Controlling Authorities and other relevant agencies in both states to address the constraints which are faced by the Commission in effectively carrying out its responsibilities through a programme involving institutional reform options
- potential update of the Commission's Policy Register
- undertake an update of the Commission's Financial Management Practice Manual and
- completion of key performance indicators for those Commission activities not likely to be subject to significant institutional reform

Financial Statements for the year ended 30 June 2013



CERTIFICATE OF THE DUMARESQ-BARWON BORDER RIVERS COMMISSION

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

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Dumaresq-Barwon Border Rivers Commission for the financial period ended 30 June 2013 and of the financial position of the Commission at the end of that year.

Mr Warren Martin
Chairman

Dated: 13/9/13

Mr Ross Krebs
Commissioner representing Queensland

Dated: 13/9/13

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 2013, 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 certificate given by the Chairman and Commissioner.

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' determines 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 2012 to 30 June 2013 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of the financial report should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial report to confirm the accuracy of this electronically presented information.



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



Queensland Audit Office
Brisbane

DUMARESQ-BARWON BORDER RIVERS COMMISSION

2012-2013 Financial Statements

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of comprehensive income
for the year ended 30 June 2013**

	Notes	2013 \$'000	2012* \$'000
Income from Continuing Operations			
Grants and other contributions	2a	2,200	2,200
User charges	2b	145	213
Other revenue	2c	40	19
Total revenue		2,385	2,432
Expenses from Continuing Operations			
Supplies and services	3a	2,091	2,225
Depreciation	3b	1,856	1,867
Other expenses	3c	22	18
Total Expenses from Continuing Operations		3,969	4,110
Operating Result from Continuing Operations		(1,584)	(1,678)
Other comprehensive income			
Items that will not be classified subsequently to operating result:			
Increase in asset revaluation surplus	6	2,475	-
Total Other Comprehensive Income		2,475	-
Total Comprehensive Income		891	(1,678)
Total comprehensive income attributable to:			
Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW)		445	(839)
Department of Natural Resources and Mines(Qld)		445	(839)
Total Comprehensive Income		891	(1,678)

The accompanying notes form part of these financial statements.

**2012 accounts have been restated - refer to note 14 for details of adjustment.*

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of financial position
as at 30 June 2013**

	Notes	2013 \$'000	2012* \$'000
Assets			
Current Assets			
Cash and cash equivalents	4	4,012	3,563
Receivables	5	215	43
Total Current Assets		4,226	3,606
Non-Current Assets			
Property, plant and equipment	6	137,697	137,090
Total Non-Current Assets		137,697	137,090
Total Assets		141,923	140,696
Liabilities			
Current Liabilities			
Payables	7	750	414
Total Current Liabilities		750	414
Total Liabilities		750	414
Net Assets		141,173	140,282
Equity			
Accumulated funds		10,181	11,765
Asset revaluation surplus		130,992	128,517
Total Equity		141,173	140,282

The accompanying notes form part of these financial statements.

**2012 accounts have been restated - refer to note 14 for details of adjustment.*

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of changes in equity
for the year ended 30 June 2013**

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance at 1 July 2011		13,443	128,517	141,960
Operating Result from Continuing Operations		(1,678)	-	(1,678)
Balance at 30 June 2012*		<u>11,765</u>	<u>128,517</u>	<u>140,282</u>
Balance at 1 July 2012*		11,765	128,517	140,282
Operating Result from Continuing Operations		(1,584)		(1,584)
Total Other Comprehensive Income				
Increase in Asset Revaluation Surplus	6		2,475	2,475
Balance at 30 June 2013		<u>10,181</u>	<u>130,992</u>	<u>141,173</u>

The accompanying notes form part of these financial statements.

**2012 accounts have been restated - refer to note 14 for details of adjustment.*

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of cash flows
for the year ended 30 June 2013**

	Notes	2013 \$'000	2012 \$'000
Cash flow from operating activities			
Inflows			
Grants and Other Contributions		2,200	2,200
Interest		145	213
Other		(132)	43
Outflow			
Supplies and Services		(1,661)	(2,159)
Other		(22)	(18)
Net cash provided by operating activities	8	<u>530</u>	<u>279</u>
Cash flow from investing activities			
Outflow			
Payments for Property, Plant and Equipment		81	-
Net cash used in investing activities		<u>81</u>	<u>-</u>
Net increase in cash and cash equivalents		449	279
Cash and cash equivalents at beginning of financial year		3,563	3,284
Cash and cash equivalents at end of financial year	4	<u><u>4,012</u></u>	<u><u>3,563</u></u>

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

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	Asset Revaluation Surplus by Class
Note 10	Key Executive Management Personnel and Remuneration
Note 11	Contingent Liabilities
Note 12	Financial Instruments
Note 13	Commitments for Expenditure
Note 14	Correction of Error
Note 15	Events occurring after Balance Date

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

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

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2013, 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 and accounting support to be provided by the Department of Natural Resources and Mines (Queensland).

Prior to the current arrangement, the then Department of Environment and Resource Management (now part of the Department of Natural Resources and Mines, Queensland) provided secretarial support and the Department of Trade and Investment, Regional Infrastructure and Services (New South Wales) provided accounting support.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

1 Summary of Significant Accounting Policies (continued)

(c) Grants and Contributions

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

(d) User Charges and Other Revenue

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

(i) Interest

Interest income is recognised as it accrues.

(ii) Rental income

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

(e) Cash and Cash Equivalents

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June 2013 as well as deposits at call with financial institutions. It also includes the Queensland Treasury Corporation capital guaranteed cash fund Investment that is readily convertible to cash on hand at the Commission's option and is subject to a low risk of a change in value.

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 14 days from invoice date. There are no trade debtors as at 30 June 2013.

(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 or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Building and Infrastructure Assets	\$10,000
Land	\$1
Plant and Equipment	\$5,000

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

(i) Revaluations of Property, Plant and Equipment

Land, buildings and infrastructure are measured at fair value in accordance with *AASB 116 Property, Plant and Equipment* and Queensland Treasury and Trade'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.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

1 Summary of Significant Accounting Policies (continued)

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

Plant and equipment is measured at cost in accordance with Queensland Treasury and Trade'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 assessed on an annual basis. The Commission applies appropriate and relevant indices provided by an independent professional valuer or internal expert to ensure assets remain at fair value. 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.

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. The last revaluation based on an independent assesment was completed on 30 June 2011.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

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

(j) Maintenance

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

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

1 Summary of Significant Accounting Policies (continued)

(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.

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

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

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

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

(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 nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled within 14 to 30 day terms.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

1 Summary of Significant Accounting Policies (continued)

(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 by the Department of Natural Resources and Mines (Qld) or the Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW) depending on the State in which the asset is located.

(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 and Trade. Refer to note 9 for the disclosures on key executive management personnel and remuneration.

(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 that potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

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

Valuation of Property, Plant and Equipment - Note 6

Contingent Liabilities - Note 10

(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.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

1 Summary of Significant Accounting Policies (continued)

(s) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required. 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 2012-13. Australian accounting standard changes applicable for the first time for 2012-13 have had minimal effect on the Commission's financial statements, as explained 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] became effective from reporting periods beginning on or after 1 July 2012. The only impact for the Commission is that, in the Statement of Comprehensive Income, items within the 'Other Comprehensive Income' section are now presented in different subsections, according to whether or not they are subsequently classifiable to the operating result. Whether subsequent reclassification is possible depends on the requirements or criteria in the accounting standard/interpretation that relates to the item concerned.

The Commission is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Queensland Treasury and Trade. 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, significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

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 substantial 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.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

1 Summary of Significant Accounting Policies (continued)

(t) New and Revised Accounting Standards (continued)

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.

A revised version of AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013. The revised AASB 119 is generally to be applied retrospectively. Given the Commission's circumstances, the only implications for the Commission are that the revised standard clarifies the concept of 'termination benefits', and the recognition criteria for liabilities for termination benefits will be different. If termination benefits meet the timeframe criterion for 'short-term employee benefits', they will be measured according to the AASB 119 requirements for 'short-term employee benefits'. Otherwise, termination benefits will need to be measured according to the AASB 119 requirements for 'other long-term employee benefits'. Under the revised standard, the recognition and measurement of employer obligations for 'other long-term employee benefits' will need to be accounted for according to most of the requirements for defined benefit plans.

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, AASB 2011-11, AASB 2012-1, AASB 2012-7 and AASB 2012-11 (which also apply from reporting periods beginning on or after 1 July 2013). However, Queensland Treasury and Trade'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, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade has advised that its policy decision is to require adoption of Tier 1 reporting by all Queensland Government departments and statutory bodies that are consolidated into the whole-of-Government financial statements. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the Commission.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

	2013	2012
	\$'000	\$'000
2 Income from Continuing Operations		
(a) Grants and other contributions		
Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW)	1,100	1,100
Department of Natural Resources and Mines (QLD)	1,100	1,100
	2,200	2,200
(b) Interest Income		
Interest on QTC investment	145	213
	145	213
(c) Other revenue		
Rental income	26	19
Other	14	0
	40	19
3 Expenses from Continuing Operations		
(a) Supplies and Services		
Fees for services:		
SunWater Limited (QLD)	916	768
Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW)	581	623
Department of Natural Resources and Mines (QLD)	445	477
State Water Corporation (NSW)	126	144
Department of Energy and Water Supply (QLD)	1	0
QLD insurance	0	37
NSW insurance	0	14
Administrative allowances	19	14
Superannuation	2	1
Other expenses	1	147
	2,091	2,225
(b) Depreciation		
Buildings	15	15
Infrastructure	1,840	1,850
Plant and equipment	1	2
	1,856	1,867
(c) Other expenses		
Audit fee-financial statements*	17	13
Bank fees and charges	4	4
Other expenses from ordinary activities	2	1
	22	18

*The auditors received no other benefits

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

4 Cash and Cash Equivalents

	2013	2012
	\$'000	\$'000
Cash at bank and on hand	364	57
At call interest bearing investment	3,648	3,506
Closing cash and cash equivalents	4,012	3,563

Investments deposited with the Westpac Banking Corporation earned interest at rates 0.01%. (2011-12: Westpac Banking Corporation 0.01%).

Investments deposited with the Queensland Treasury Corporation capital guaranteed fund earned interest at rates between 4.49 to 3.54% . (2011-12: Queensland Treasury Corporation 5.66% to 4.12%)

Refer Note 12 for details regarding credit risk, liquidity risk and market risk arising from financial instruments

5 Receivables

Goods and Services Tax recoverable from ATO	215	43
	215	43

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 12.

6 Property, Plant and Equipment

Buildings (at valuation)	1,114	1,105
less: accumulated depreciation	(356)	(342)
	758	763
Water infrastructure systems - WIP (at valuation)	-	95
	-	95
Water infrastructure systems (at valuation)	193,620	190,966
less: accumulated depreciation	(58,255)	(56,415)
	135,365	134,551
Land (at Cost)	81	-
Land (at valuation)	1,488	1,676
	1,569	1,676
Plant and equipment (at cost)	23	23
less: accumulated depreciation	(19)	(18)
	4	5
Total property, plant and equipment	137,697	137,090

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

6 Property, Plant and Equipment (continued)

Property, Plant and Equipment Reconciliation	Buildings	Water Infrastructure Systems	Land	Plant and Equipment	Total
	2012	2012	2012	2012	2012
	\$'000	\$'000	\$'000	\$'000	\$'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
	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2012	763	134,646	1,676	5	137,090
Revaluation increments (decrements)	10	2,654	(188)	-	2,476
Depreciation	(15)	(1,840)	-	(1)	(1,856)
Addition	-	-	81	-	81
Work-in-Progress written off	-	(95)	-	-	(95)
Net carrying amount at 30 June 2013	758	135,365	1,569	4	137,696

Land, buildings and water infrastructure assets were last revalued based on an independent assessment completed on 30 June 2011. The values for the buildings and water infrastructure classes have since been indexed as at 30 June 2013 to ensure such values materially reflect fair value as at reporting date. Management has assessed the indices (buildings 1.012, water infrastructure systems 1.02) provided by SVS as appropriate for the Commission and have endorsed the use of the indices.

The values for land assets have been adjusted to reflect information supplied by SVS based on publicly available data on sales of similar land in nearby localities in the six months prior to 30 June 2013. The data provided resulted in the value of land assets being reduced by approximately 11.2% of the 30 June 2011 valuation.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

7 Payables

	2013	2012
	\$'000	\$'000
Accrued expenditure	729	400
Accrued audit fees	15	14
Employee entitlements	6	-
	750	414
	750	414

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables, are disclosed in Note 12

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

	2013	2012
	\$'000	\$'000
Operating result	(1,584)	(1,678)
Depreciation	1,856	1,867
Write off of assets	95	-
(Increase) Decrease in receivable	(172)	24
(Decrease)/Increase in payable	335	66
Net cash provided by operating activities	530	279
	530	279

9 Asset Revaluation Surplus by Class

Land

Balance as at 1 July 2012	804	804
Revaluation increments / (decrements)	(188)	-
Balance as at 30 June 2012	616	804

Buildings

Balance as at 1 July 2012	1,006	1,006
Revaluation increments / (decrements)	10	-
Balance as at 30 June 2012	1,016	1,006

Infrastructure

Balance as at 1 July 2012	126,707	126,707
Revaluation increments / (decrements)	2,654	-
Balance as at 30 June 2012	129,361	126,707

Total

	130,992	128,517
	130,992	128,517

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DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

10 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 2012-13. 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	19 June 2012
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	9 February 2012
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	23 July 2008
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	9 February 2012
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	23 July 2008
Secretary	<ul style="list-style-type: none"> Executive support to the Commission 	Resolution of Commission	23 November 2011
Accountant	<ul style="list-style-type: none"> Accounting support to the Commission 	Resolution of Commission	1: 29 January 2010 - (31 March 2012) 2: 25 October 2012

(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.

2012-13

Position (date ceased)	Short Term		Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits			
	\$'000	\$'000			
Chair of the Commission 19 June 2012	19	-	2	-	21

2011-12

Position (date ceased)	Short Term		Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits			
	\$'000	\$'000			
Chair of the Commission 1. 1 July 2011 - (31.3.12) 2. 19 June 2012	14	-	1	-	15

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

11 Contingent Liabilities

	2013	2012
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.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

12 Financial Instruments

The Commission has the following categories

(a) Financial instrument categories

Financial Assets

	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
Class:				
Cash and cash equivalents	4	N/A	4,012	3,563
			4,012	3,563

Financial Liabilities

	Note	Category	Carrying Amount 2013 \$'000	Carrying Amount 2012 \$'000
Class:				
Payables	7	Financial liabilities measured at amortised cost	750	414
			750	414

(b) Financial Risk Management

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

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

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

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

(c) Credit risk

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

Cash

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

Receivables - trade debtors

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

There are no trade debtors as at 30 June 2013.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

12 Financial Instruments (continued)

(d) Liquidity Risk

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

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

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

	Note	Maturity Dates			Total \$'000
		1 year or less \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	
30 June 2013					
Payables	7	750			750
		<u>750</u>	-	-	<u>750</u>
30 June 2012					
Payables	7	414			414
		<u>414</u>	-	-	<u>414</u>

(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 Old Treasury Corporation. The Commission uses a reasonably possible change of +1 - 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 2012. The Commission's exposure to interest rate risk is set out below.

12 Financial Instruments (continued)

(e) Market Risk (continued)

	Carrying Amount \$'000	-1%		1%	
		Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000
2013					
Financial assets					
Cash and cash equivalents	4,012	(40)	(40)	40	40
Financial liabilities					
Payables	750	-	-	-	-
2012					
Financial assets					
Cash and cash equivalents	3,563	(36)	(36)	36	36
Financial liabilities					
Payables	414	-	-	-	-

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

13 Commitments for Expenditure

The Commission has one outstanding commitment for capital expenditure in the year 2012-2013 for the supply and installation of riverflow monitoring equipment totaling \$55,000. The asset is currently awaiting supply and installation from the manufacturer and has not been brought to account in these statements. The asset is expected to be commissioned in 2013-14.

There are no other commitments for expenditure in 2012-13 or beyond.

14 Correction of Error

Due to a processing error of creditor invoices, expenses from the supply of services to the Commission for the year ended 30 June 2012 was understated by \$146,000. This error had the effect of understating creditors and total current liabilities by \$146,000 and overstating accumulated surplus and total equity by \$146,000 as at 30 June 2012. The error also had the effect of understating the total expenses by \$146,000 and overstating the operating surplus by \$146,000 for the year ended 30 June 2012.

The error has been corrected by restating each of the affected financial statement line items for the prior year, as described above.

15 After Balance Date Events

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

End of audited financial statements