

**Dumaresq-Barwon
Border Rivers Commission
Annual Report 2004-05**



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 2005.

Cover photo: Glenlyon Dam



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

The Honourable Henry Palaszczuk, MP
Minister for Natural Resources and Mines
GPO Box 46
Brisbane Q 4001

Dear Mr Palaszczuk

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Agreement, 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 2005.

Yours sincerely

Michael Montefiore
Chair



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

The Honourable Ian Macdonald, MLC
Minister for Natural Resources
Level 30 Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Mr Macdonald

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Yours sincerely

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The Dumaresq-Barwon Border Rivers Commission is a statutory authority in both Queensland and New South Wales. As the owner of a 'referable dam' in Queensland, it is also a registered water service provider under Queensland's Water Act 2000.

The Commission is responsible for controlling the operation and maintenance of Glenlyon Dam, Boggabilla Weir and a number of other small weirs and regulators in the border catchments.

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

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

2004-05 at a glance

Institutional reform

- ◆ During the year a project team was set up to recommence the institutional reform investigations in the Border Rivers. The team has reviewed the appropriateness of the existing institutional arrangements and documented the drivers and objectives for institutional reform. Following dialogue with the key stakeholders, advice has been sought on legal, financial and taxation matters relating to the preferred options.
- ◆ Pending the institutional reform, the Commission progressed a number of matters to place its operations on a more commercial basis, for example, the proposal to formalise the contractual arrangement with its current service provider, SunWater.

Asset operations

- ◆ No disruptions to the supply of regulated/supplemented water to irrigators were experienced along the Border Rivers.
- ◆ Arrangements were finalised to hand over operation of the museum display centre at Glenlyon Dam from 1 July 2005.

Asset maintenance

- ◆ Boggabilla Weir was closed down for maintenance following the summer irrigation season. It is proposed that this will be done each year from now on.
- ◆ Materials required for the project to replace the 2,050 metre section of the Glenlyon town water supply rising mainline have been purchased and are on site.

Asset management

- ◆ Projects were completed at both Glenlyon Dam and Boggabilla Weir to improve dam surveillance.
- ◆ The review of the Glenlyon Dam flood hydrology, to assess the adequacy of the spillway is progressing and will be completed in early 2005-06.
- ◆ Agreement was reached on additional investigation at Cunningham Weir to enable the issue of the future options for the weir to be further considered.
- ◆ The draft of the Glenlyon Dam Operations and Maintenance Manual was finalised and has now been reviewed.
- ◆ An Asset Management Plan is being prepared by consultants on the Commission's behalf. It will include a reassessment of the annuity required for the long-term maintenance of the Commission's assets.
- ◆ For safety reasons the cableway on the Severn River at Farnbro has been removed.

Environmental management

- ◆ Public warnings were issued in response to a "low hazard" blue green algal bloom on Goondiwindi Weir in October 2004. The bloom was dissipated by a flow in early December 2004.
- ◆ There were no untoward changes in the ambient water quality parameters in either Glenlyon Dam or the rivers and streams of the border catchments during the year.
- ◆ The Queensland Department of Primary Industries and Fisheries provided a report to the Commission on its fishway monitoring project at Boggabilla Weir.

Water resources

- ◆ Glenlyon Dam increased from 23% at the start of the year to a maximum of 30% following inflow in November-December 2004. By 30 June 2005 the level had dropped to 24%. (61,300 ML).
- ◆ Pindari and Coolmunda dams fared better finishing the year at 202,800 ML (65%) and 35,000 ML (51%) respectively.

- ◆ The only significant opportunity for irrigators to pump unregulated/supplementary water in the Border Rivers occurred in late December 2004.
- ◆ Within the Border Rivers the total regulated water use by the states for the year was 58,880 megalitres. Total unregulated/supplementary water pumped was 105,920 megalitres.
- ◆ Compensation releases from Beardmore Dam during December 2004 and January 2005, combined with inflow from the Nebine River, completely serviced the needs of the Culgoa River but not the needs of the Balonne Minor system.
- ◆ The relatively high level of water use from the Dumaresq River Groundwater Area continued. Total use by the states for the year was 12,300 megalitres.

Irrigated production

- ◆ The area of cotton irrigated from the Border Rivers increased from 16,600 hectares in 2003-04 to almost 55,000 hectares in 2004-05. The total area of crops irrigated from the Border Rivers was 63,200 hectares.

Financial

- ◆ The 2004-05 call-up from each state was \$800,000 (ex. GST). On a cash basis the total income during the year was \$2,054,000 and expenditure was \$2,041,395.
- ◆ Both states agreed during the year to provide additional funding to the Commission from the start of 2005-06 to enable it to maintain an asset renewals reserve, ensuring longevity of the Commission's assets.

Chair's report

While 2004-05 was a better year for irrigators in the Border Rivers than the previous year, the long period of drought is not over yet.

The year began with both Pindari and Coolmunda Dams being approximately two-thirds full, and with irrigators having a significant amount of water stored in their offstream storages. However, at 23% the volume of water available in Glenlyon Dam was far less favourable.

The reasonable water storage position at the start of the year and a significant period of off-allocation pumping in late 2004 resulted in a significantly larger area of irrigated crops being grown during the year. The area of irrigated cotton grown along the Border Rivers was up from 16,600 hectares in 2003-04 to almost 55,000 hectares in 2004-05 and the total area of irrigated crops was up from 24,300 hectares to 63,200 hectares.

Due to below average river flows during the year, the available water supplies in both the public and private storages at the end of the 2004-05 financial year are down on the position at the same time last year. It may be possible, however, to maintain the improvement in the production levels into 2005-06 if the climate forecasters' projections of a high probability of rain during the coming summer cropping season are realised.

During the year the Commission established a dedicated project team to press ahead with the review of institutional arrangements for managing the water infrastructure assets in the Border Rivers catchment and to identify options for new institutional arrangements.

The Commission and the relevant agencies in both States acknowledge the importance of the reform project and the Commission has made progress towards identifying and assessing the options. While overall progress has been slower than hoped for, at the end of 2004-05 the Commission had completed its initial investigations and was in the process of arranging for consultants to provide detailed legal, financial and taxation advice in relation to a number of alternative legal and structural arrangements. The Commission expects to be in a position to make firm recommendations to the states with respect to reform of the institutional arrangements by the end of the 2005 calendar year or early in 2006.

The reform of the institutional arrangements in the Border Rivers is very important to the successful ownership and operation of the region's water infrastructure assets in an increasingly commercial environment, where regulatory requirements make continuation of the institutional status quo simply untenable. A single water service provider with the ability to respond to the needs of the irrigation community and to operate within the water resource and environmental regulatory constraints has much to commend it as the way forward.

During the year the Commission received total revenue of \$1,941,120, comprising the 2005-06 call-up from the states of \$1,800,000, interest of \$96,786 and miscellaneous income of \$44,352. Total expenses from ordinary activities was \$2,374,851 which included depreciation of \$588,876. The Commission's net operating result for 2004-05 was (\$433,731).

The Commission has readied itself for the changeover to the new Australian Equivalents International Financial Reporting Standards (AEIFRS). Under the new standards the Commission will be required to prepare its first IFRS compliant financial statements for the 2005-06 financial year. As the 2004-05 comparative financial statements will need to be restated in compliance with IFRS, the transition to IFRS for the Commission is effectively as at 1 July 2004.

Both States have agreed to the Commission's proposal to maintain an asset renewals reserve to provide for the major maintenance and renewal of the Commission's assets. This enables the Commission to better demonstrate that it has the capacity to fund its forward capital works program in relation to the existing assets.

The Commission has a number of significant projects scheduled for 2005-06 which are aimed, in particular, at placing it on a better commercial footing in the way it operates and maintains its assets. With this in mind, the work commenced in 2004-05 to develop an asset management plan which will provide a better basis for the Commission to plan ahead and provide for the expenditure required to maintain its assets. In addition to this I am particularly looking forward to the completion of the project to develop a formal contract for the operation and maintenance of the Commission's assets. The contract will allocate functions and risks in a transparent way, reflective of the commercial roles of the operators and the accountabilities of the Commission.

I am pleased to report that negotiations between the Stanthorpe & District Historical Society, the Queensland Museum and the Commission will result in the continued operation of the museum display centre at Glenlyon Dam. The Queensland Museum has donated the exhibits housed at Glenlyon Dam to the Historical Society, which will continue to operate the museum display centre for the benefit of the public under a licence from the Commission. The museum display centre was officially handed over to the Historical Society on 1 July 2005. This is an example of how the Commission's withdrawal from some of its non-core activities need not reduce the public amenity values that can also be important at water storage locations.

Once again we have had an irrigation season without any disruption to regulated water supplies. This is now the third year in a row without a significant shortfall in supply. The Commission appreciates the work of the operators at Goondiwindi from both Queensland and New South Wales in managing the day-to-day operations on behalf of the Commission.

On behalf of the Commission, I am pleased to express sincere thanks to the deputy commissioners, the management committee, the Commission's accountant and secretary/project officer and the departmental staff assisting them for their dedication and efforts during the year.

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

Michael Montefiore

Chair

The Commission

Purpose

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

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

Constitution

The Dumaresq-Barwon Border Rivers Commission was constituted by an agreement in 1946 between the New South Wales and Queensland governments. The agreement was ratified in New South Wales by the *New South Wales-Queensland Border Rivers Act 1947* and in Queensland by the *New South Wales-Queensland Border Rivers Act 1946*.

The agreement, known as the *New South Wales-Queensland Border Rivers Agreement*, is contained in the schedule to each state's 'Border Rivers Act'.

Operational area

The Commission's area of responsibility includes:

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

Duties and functions

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

- ♦ determine the anticipated quantity of water available each year from the Border Rivers and from the Commission's infrastructure and notify the states of the portion of that water they may divert and use during that year
- ♦ control the construction, operation and maintenance of works taken over or constructed by the Commission under the Agreement, i.e. Glenlyon Dam and Boggabilla Weir as well as other weirs and regulators on the Border Rivers and Intersecting Streams
- ♦ undertake investigations considered necessary to enable the Commission to exercise the powers and discharge the duties conferred upon it by the Agreement
- ♦ report and make periodic recommendations to the governments of New South Wales and Queensland regarding the sharing of the waters of the Intersecting Streams, the sharing of groundwater and on other matters set out in the Agreement

- ♦ investigate the practicability of constructing, maintaining and operating additional storages
- ♦ record the flow in the Dumaresq River at Mingoola and at such other places as deemed necessary
- ♦ arrange for the construction, maintenance, operation and control of an effective system of monitoring groundwater.

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

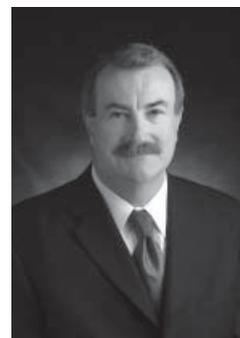
Membership

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

During 2004-05 the Commissioners were:

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

Appointed from 25 September 2002 to 31 March 2007.
Mr Montefiore is a commercial infrastructure specialist.



- ♦ **Mr G K (Greg) Claydon**
Commissioner representing Queensland

Appointed from 28 March 2002 to 30 June 2006.
Mr Claydon is currently General Manager, Water Planning, Queensland Department of Natural Resources and Mines.



- ♦ **Mr R P (Randall) Hart**
Commissioner representing New South Wales

Appointed for a five-year term from 16 October 2002.
Mr Hart is Regional Director, Barwon Region, New South Wales Department of Infrastructure, Planning and Natural Resources.



The Deputy Commissioners appointed by the states are:

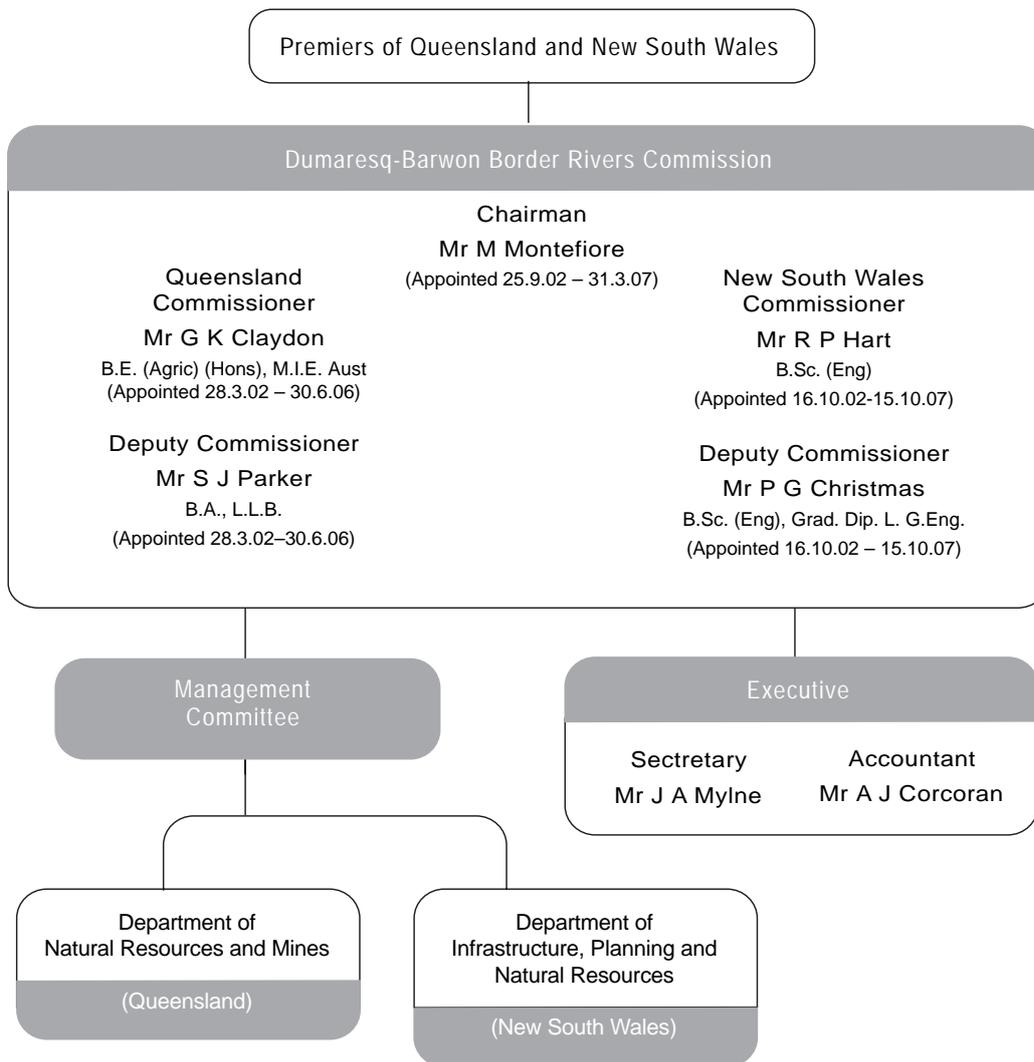
♦ **Mr S J (Seamus) Parker - Deputy Commissioner representing Queensland**

Appointed from 28 March 2002 to 30 June 2006. Mr Parker is currently Director, Water Reform, Queensland Department of Natural Resources and Mines.

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

Appointed for a five-year term from 16 October 2002. Mr Christmas is Manager, Resource Access and Compliance, Barwon Region, New South Wales Department of Infrastructure, Planning and Natural Resources.

The Commission is administratively supported by its secretary, Mr Jim Mylne, and its accountant, Mr Anthony Corcoran, both of whom are employees of the Queensland Department of Natural Resources and Mines.



Meetings

The Commission met on two occasions during the year. Meeting No 162 of the Commission was held 21 October 2004 at Glenlyon Dam, and Meeting No 163 was held 7 April 2005 in Brisbane. Commissioners Montefiore, Claydon and Hart and Deputy Commissioners Christmas and Parker attended both meetings. The Commissioners also met on a number of other occasions during the year either face-to-face or by teleconference to discuss specific items of business.

Access

Access to the Commission is through the secretary, Mr Jim Mylne, who can be contacted c/- Department of Natural Resources and Mines, PO Box 319, Toowoomba Qld 4350 or on 07 4688 1010 during normal business hours.

Management committee

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

During 2004-05 the management committee consisted of Mr P G (Peter) Christmas and Mr D M (Derek) Everson of the New South Wales Department of Infrastructure, Planning and Natural Resources, and Mr R W (Ross) Krebs and Mr P T (Paul) Mills of the Queensland Department of Natural Resources and Mines. The chair of the committee is rotated between the states at two-yearly intervals. Paul Mills took over from Peter Christmas as chair of the management committee from August 2004.

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

The water infrastructure

Strategic focus

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

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



Glenlyon Dam

State Water and the Queensland Department of Natural Resources and Mines jointly carry out the Commission's responsibilities in relation to controlling the releases from Glenlyon Dam and regulating flows along the Border Rivers under an informal agreement with the Commission arranged more than 20 years ago.

Details of the key features of the Commission's infrastructure can be found in its report titled Annual Statistics 2004-05.

Achievement of objectives during 2004-05

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

- ♦ In October 2004 SunWater Engineering Services completed a consultancy on behalf of the Commission to investigate future options for Cunningham Weir. While the consultants outlined a number of impacts in relation to each of the options identified, the scope of the study did not include a detailed cost benefit analysis. Following the study the Commission identified further investigations which are required to enable it to consider the future of the weir.
- ♦ During the year an old homestead and a number of buildings were removed from one of the Glenlyon Dam flood margin areas. Normally the buildings on the flood margin areas resumed when a dam is constructed are either demolished or relocated. In this case, however, the buildings were allowed to remain, and were leased to the former owner. Given that the former owner has now been gone for many years and the buildings would be inundated by floodwater in a major flood event, they have now been removed.

Objective: *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.*

- ♦ State Water and SunWater, on behalf of the Department of Natural Resources and Mines, continue to provide river management services to the Commission in accordance with the informal arrangements made more than 20 years ago.
- ♦ No shortfalls of supply in excess of the customer service standards as documented in the Commission's Strategic Asset Management Plan (SAMP) were experienced during the year.

Objective: *Maintain works to defined asset management standards.*

- ♦ The Commission's contractor, SunWater, completed its review of the draft operations and maintenance manual for Glenlyon Dam which was prepared on the Commission's behalf by consultants. In addition, SunWater commenced the task of updating the operations and maintenance manual for Boggabilla Weir.
- ♦ In accordance with the provisions of the Water Act 2000, the Commission reviewed and subsequently amended its Strategic Asset Management Plan (SAMP). The most significant amendment was to simplify the service targets. The number of performance indicators and service targets were reduced from nine to just three by deleting reference to the generic performance indicators which weren't relevant to the Commission.
- ♦ In accordance with recommendations to modernise the dam deformation survey procedures at Glenlyon Dam, new observation pillars were installed and tied in, by survey, to the existing settlement points. Other minor works were also completed to provide a safer working environment for personnel undertaking the annual deformation survey at Glenlyon Dam.
- ♦ Permanent movement indicator points were established on the left and right banks downstream of Boggabilla Weir. The subsequent survey to locate the new indicator points included a baseline survey of the underwater rock mattress protection works downstream of the weir. As a part of the dam surveillance activities at Boggabilla Weir regular checks will be made to ensure that any movement of the banks or rock protection works is promptly detected.
- ♦ In the latter part of the financial year work commenced on the development of an Asset

Management Plan for the Commission's infrastructure. The work will include a review of the annuity required to provide for the major maintenance and renewal of the Commission's assets.

- ◆ The states have agreed to contribute annually to an asset annuity reserve to be maintained by the Commission to provide for the major maintenance and renewal of its assets. The Commission has called up an additional \$100,000 from each of the states for this purpose in 2005-06.

Objective: *Protect the investment of the states in the works under the control of the Commission.*

- ◆ Following completion of the work done by consultants to develop a Plan of Management for the Non Core Assets at Glenlyon Dam, the Commission agreed on a plan of action with respect to the assets in question. It agreed, however, to defer major changes so as not to commit the likely new commercial water service provider to new directions. The plan of action will, however, provide for better management of those particular assets in the interim period.



Glenarbor Weir

- ◆ Work commenced during the year on the high priority task of refurbishing the rising main for the town water supply at Glenlyon Dam. At the end of the year the materials were on site and it was expected that it would be installed early in the 2005-06 financial year.

- ◆ The Commission's contractor, SunWater, has now included in its maintenance program an annual close-down of Boggabilla Weir. To minimise the disruption to irrigators and the loss of stored water, the annual close-down will occur at the end of each summer irrigation season. The inspection undertaken during the first annual close-down in April 2005 resulted in a number of maintenance activities as well as a number of recommendations for future maintenance.

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

- ◆ The Commission continued to provide and maintain tourist facilities at Glenlyon Dam to cater for day trippers interested in picnicking, swimming, recreational fishing, boating and water skiing.
- ◆ Private lessees continued to operate and maintain a caravan park and camping area for people wishing to stay longer than a day at Glenlyon Dam.
- ◆ An estimated 41,752 people visited Glenlyon Dam. Due to the low water levels in the dam, this number was less than in previous years. The privately operated caravan park at Glenlyon Dam reported that they had an occupancy rate of 4,593 campsite nights for the year.
- ◆ The local fish stocking group released approximately 150,600 fingerlings into Glenlyon Dam, including Murray Cod and Golden Perch.

- ◆ The Stanthorpe & District Historical Society entered into an agreement, which took effect on 1 July 2005, to take over the running and responsibility of the museum display centre at Glenlyon Dam. The Queensland Museum donated to the Historical Society all the exhibits they had housed at the display centre including natural history and palaeontological specimens and a full-scale model of a limestone cave. The Commission's contribution was to enter into a licence agreement with the Historical Society, giving them occupancy of the display centre building.

Future directions

Significant future projects with respect to the Commission's water infrastructure include:

- ◆ completion of the review of the Glenlyon Dam hydrology report and reassessment of the adequacy of the Glenlyon Dam spillway
- ◆ the five-year safety review at Glenlyon Dam
- ◆ completion of the operation and maintenance manual for Glenlyon Dam
- ◆ investigation of the need to upgrade the water treatment plant at Glenlyon Dam to meet drinking water standards
- ◆ completion of the project to refurbish the water supply rising main at the Glenlyon Dam township
- ◆ development of the Asset Management Plan for the Commission assets
- ◆ revaluation of the Commission's assets, including a reassessment of the remaining useful life of the Commission's assets.
- ◆ development of the formal contract documentation for the provision of infrastructure management services to the Commission.

The water resources

Strategic focus

With the competition that now exists for water generally across the country, it is important for the Commission to share the available water resources of the Border Catchments between the states in accordance with agreed sharing arrangements.

The New South Wales-Queensland Border Rivers Agreement made in 1946 between the New South Wales and Queensland governments sets out the formal water sharing agreement for the Border Rivers. Following the construction of Glenlyon Dam the Commission agreed to operational sharing arrangements, which were necessary to make it practical to implement the sharing provisions of the 1946 agreement. Details of the arrangements for sharing the water resources of the Border Rivers between the states are contained in the Commission's Border Rivers Bulk Water Sharing Plan.

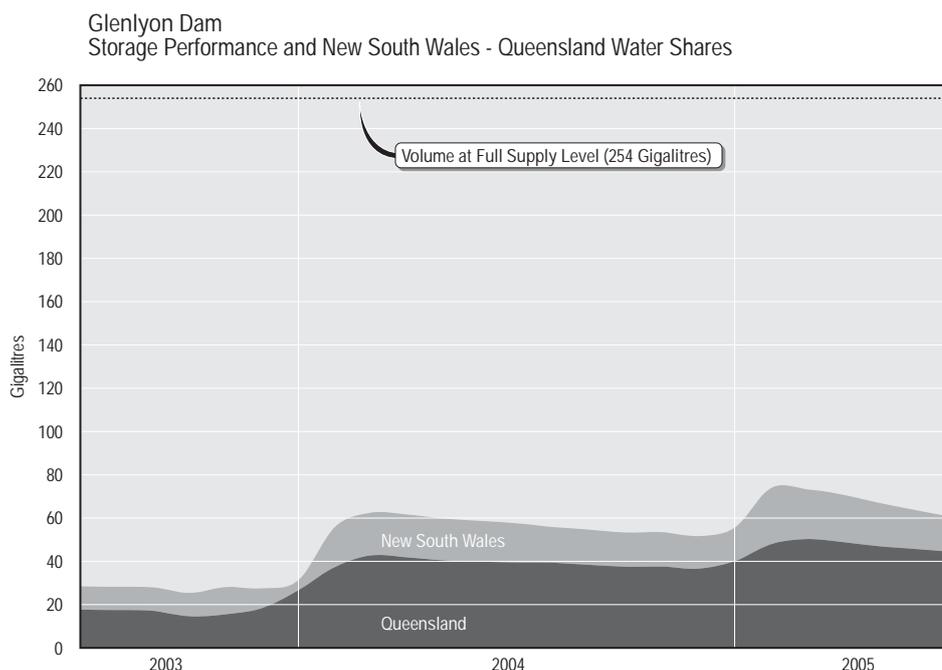
The Commission maintains a comprehensive river gauging network in the Border Rivers catchment and on the Intersecting Streams in the vicinity of the New South Wales-Queensland border. The stream flow records from those stations are vital for both the successful operation of the scheme on the Border Rivers and the water resource planning and management in that and the other Border catchments.

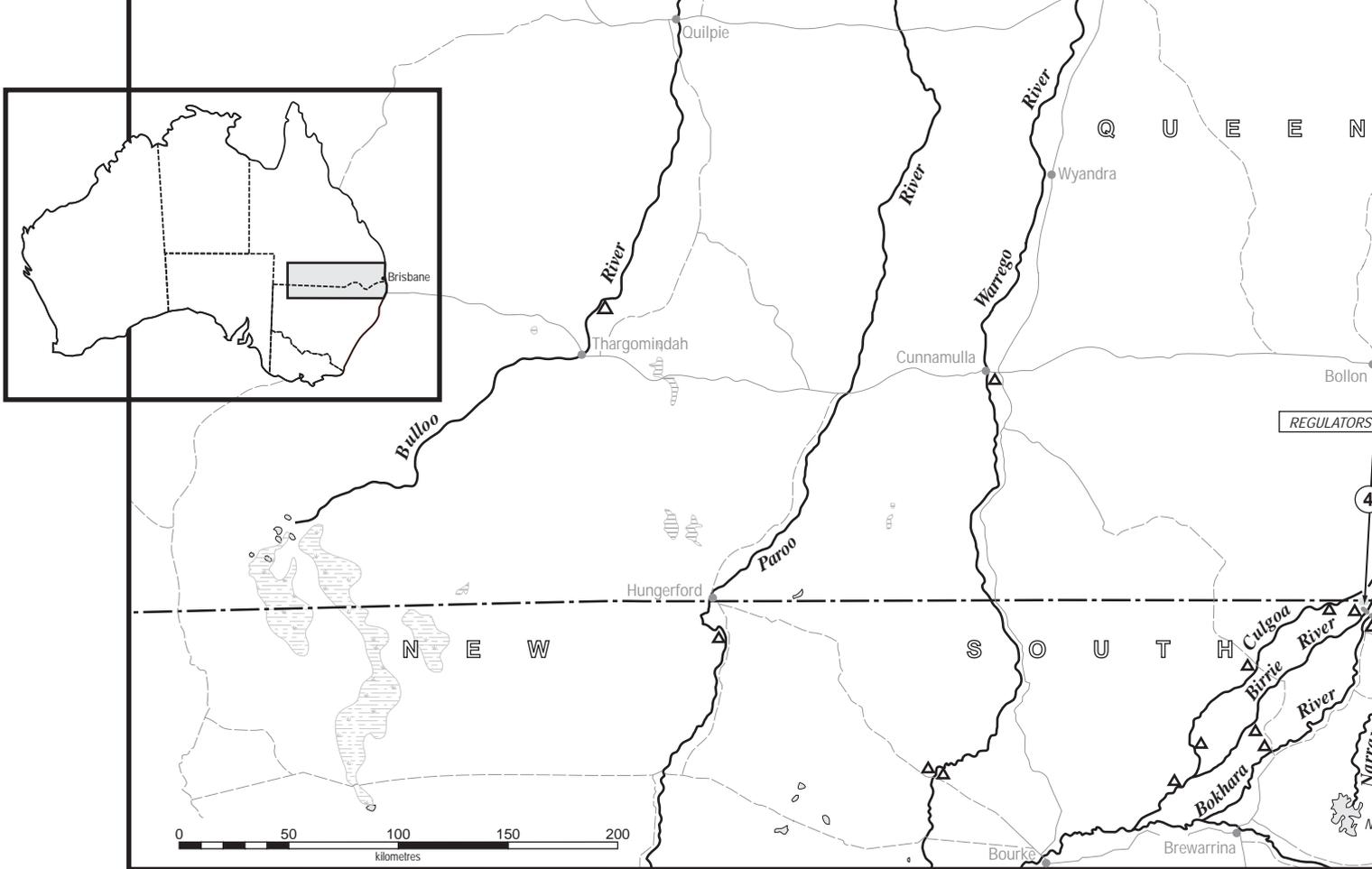
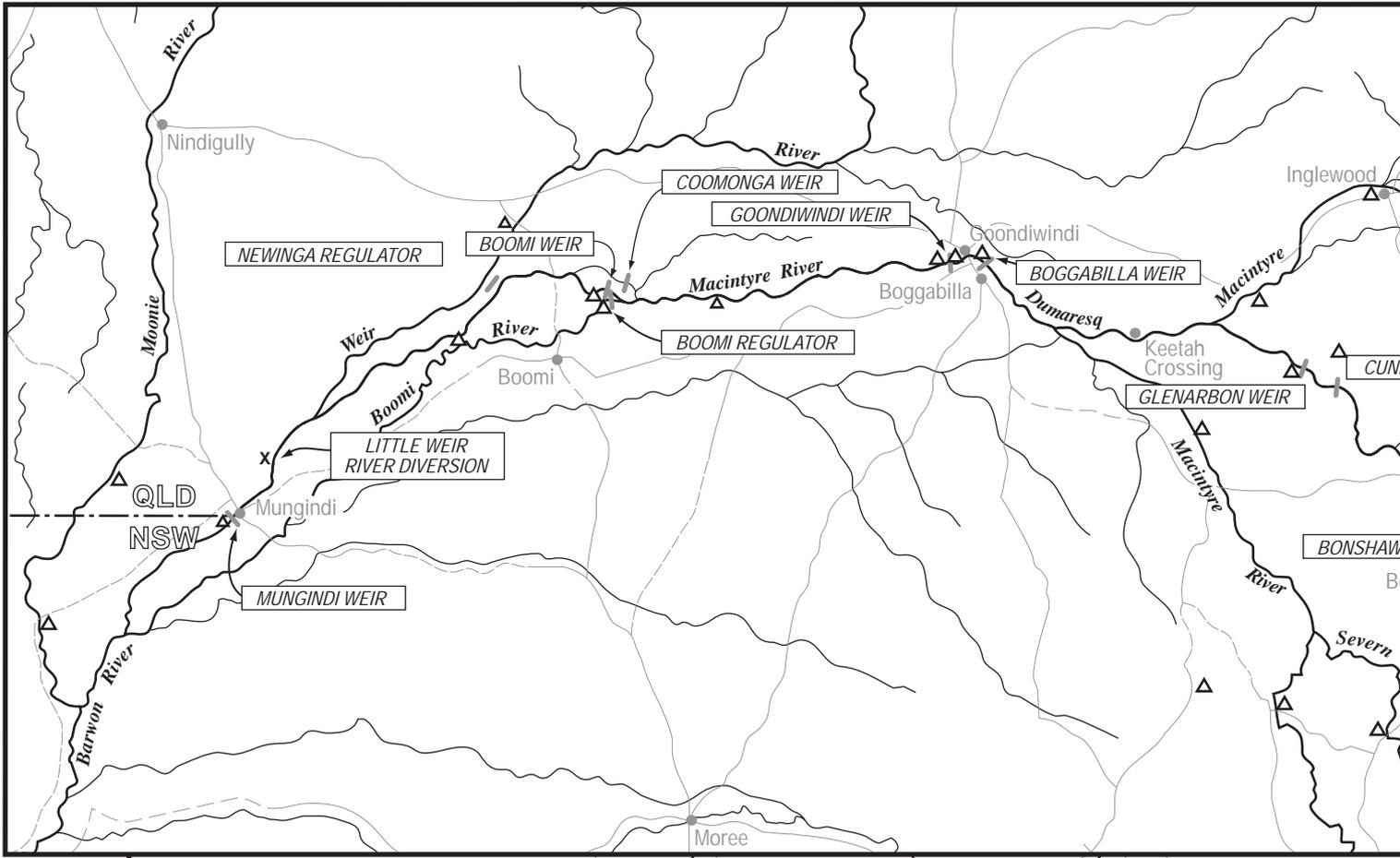
Since 1990 the Commission has conducted a coordinated water quality monitoring program in both the Border Rivers catchment and the Intersecting Streams near the New South Wales-Queensland border. The purpose of the monitoring program is to obtain an ongoing record of key water quality indicators and to identify any emerging water quality problems.

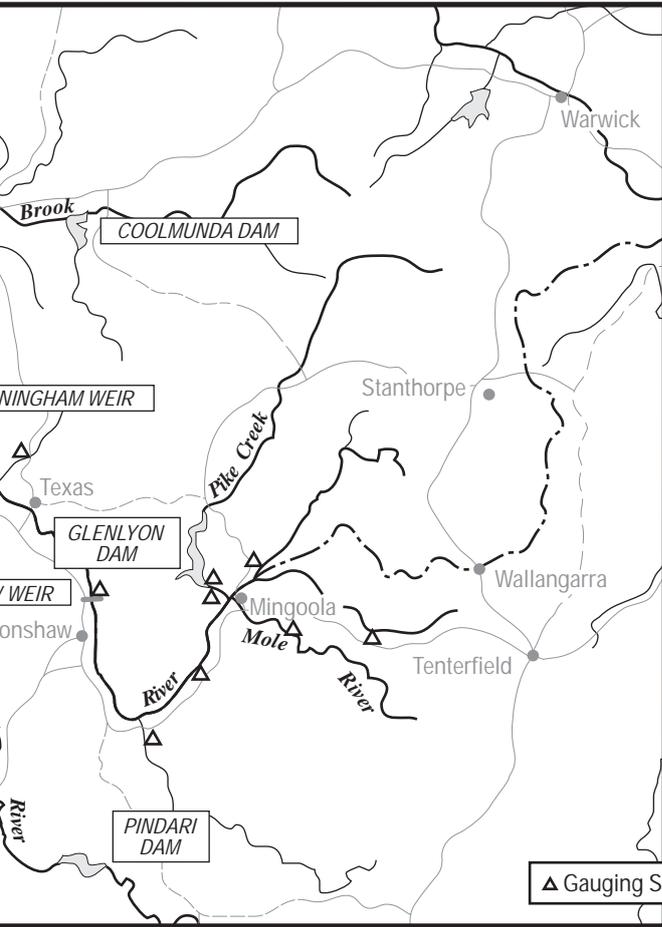
Achievement of objectives during 2004-05

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

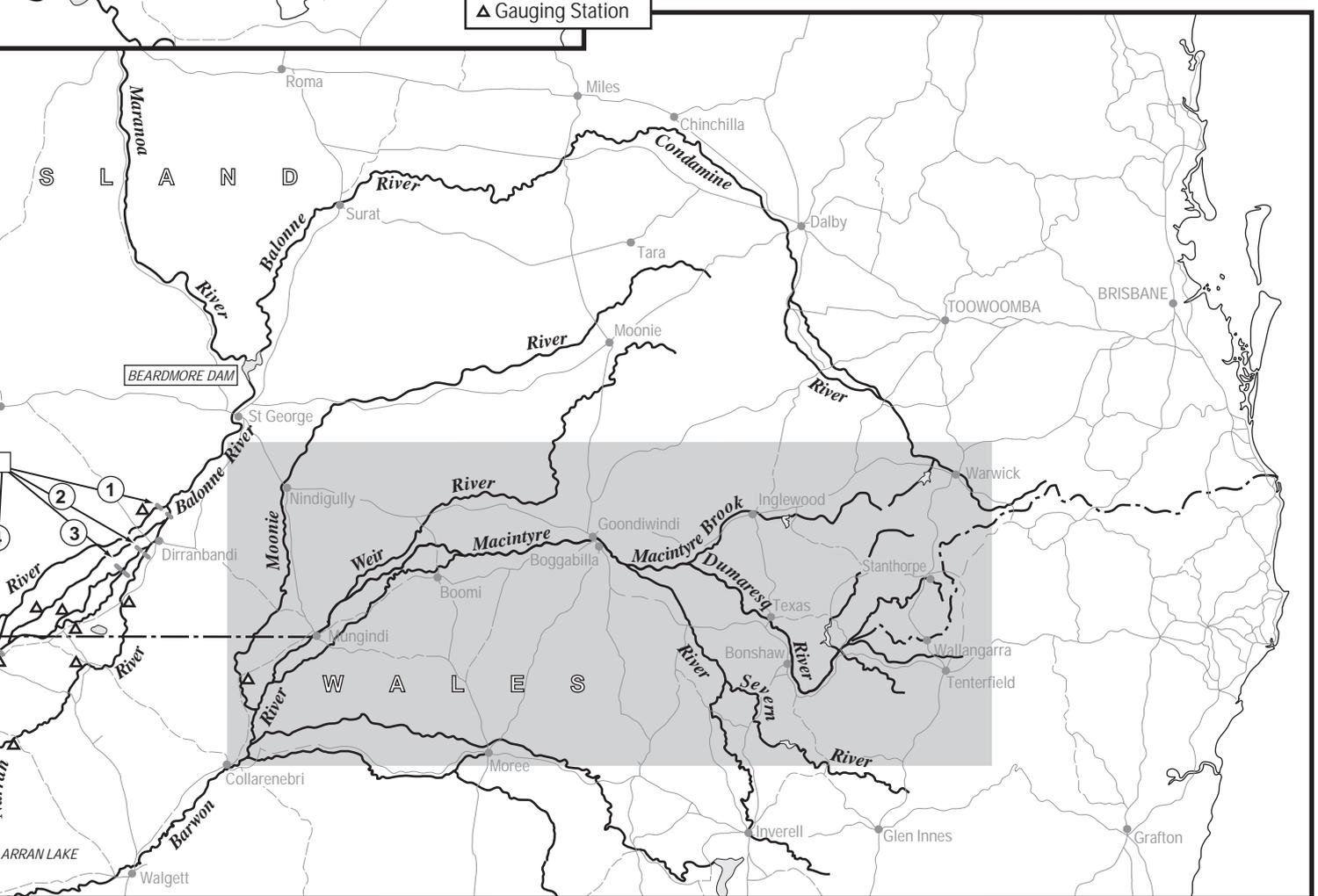
- ◆ Resource assessments were regularly and promptly carried out by the Commission at least once per month, and more often when required, to share the available water resources of the Border Rivers catchment between the states in accordance with the Border Rivers Bulk Water Sharing Plan.







DUMARESQ - BARWON BORDER RIVERS COMMISSION OPERATIONS AREA



- ◆ During the year only one significant opportunity occurred for irrigators to pump supplementary water New South Wales or to waterharvest Queensland. That occurred in December 2004 when irrigators upstream to the Weir/Macintyre River junction had eight days pumping opportunity whilst the irrigators downstream of the junction had fourteen days pumping opportunity. In addition the irrigators downstream of the Weir/Macintyre junction had a couple of other minor pumping opportunities during the year.
- ◆ A compensation release from Beardmore Dam on the Balonne River began in early December 2004 and continued during January 2005. Approximately 28,000 ML was released through Beardmore Dam as compensation flow. Although the compensation flow amount was supplemented by some local runoff and some inflow from the Nebine system, it wasn't sufficient to fully replenish the stock and domestic water supplies right through the Balonne-Minor distributary system. The flow in the Culgoa River, assisted by inflow from the Nebine, continued right through to the Barwon River however, the flow in the Narran ceased just upstream of the Narran Park gauging station. Flows in the Bokhara and Birrie Rivers reached a point approximately half way between the Border and the Barwon River.

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

- ◆ The New South Wales Department of Infrastructure, Planning and Natural Resources and the Queensland Department of Natural Resources and Mines continued to operate and maintain, on the Commission's behalf, a network of 49 river gauging stations including 26 gauging stations in the Border Rivers catchment and 23 gauging stations on the Intersecting Streams to the west of Mungindi.
- ◆ All gauging stations were visited a minimum of three times for routine maintenance and gaugings. Where required, additional visits were made to rectify problems with equipment and/or ratings.



Gauging station - Warrego River at Cunamulla

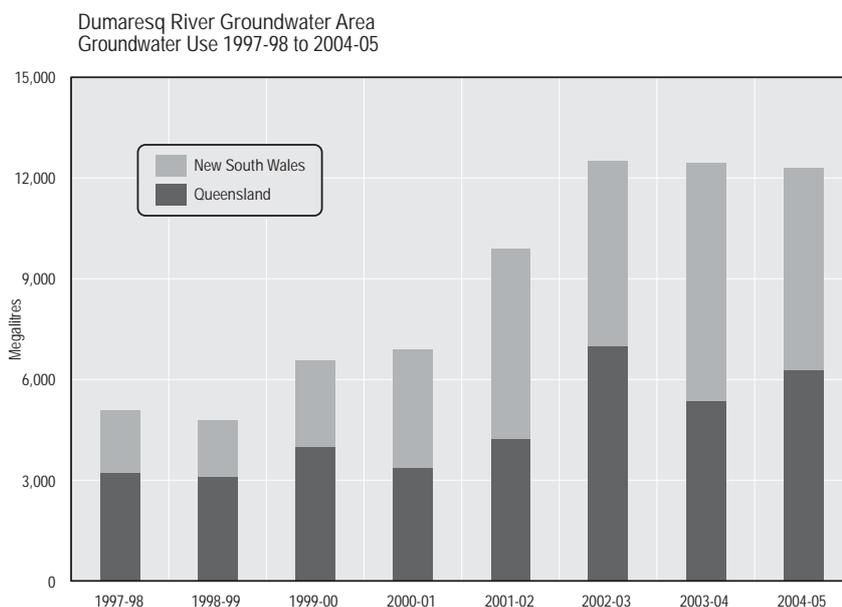
- ◆ For safety reasons the cableway on the Severn River at Farnbro was removed. In addition, the shelter sheds at three gauging stations in NSW were replaced as a part of the major maintenance and renewals program.

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

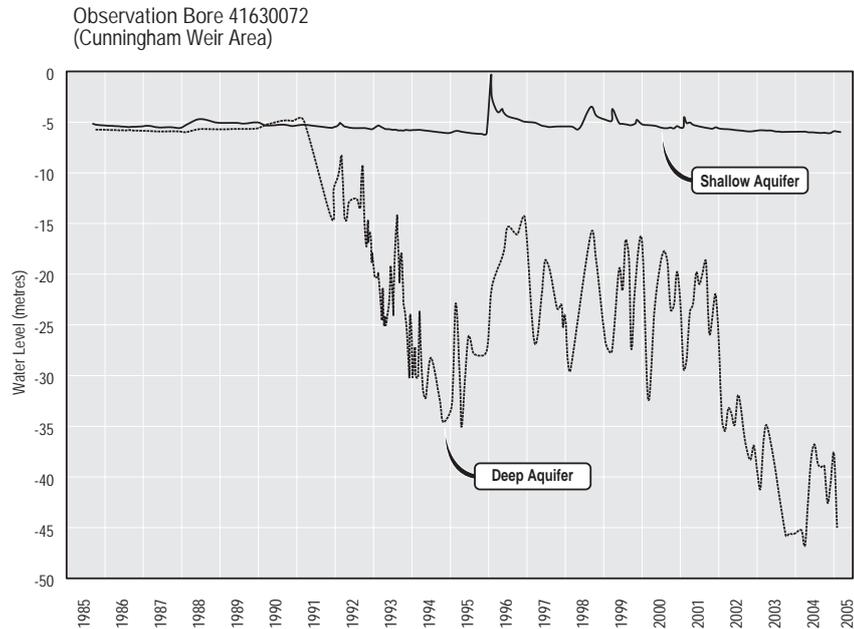
- ◆ The New South Wales Department of Infrastructure, Planning and Natural Resources continued to monitor water quality on the Commission's behalf at its 15 water quality monitoring sites in the Border Rivers, including Glenlyon Dam, and six sites on the Intersecting Streams.
- ◆ In late October 2004 an extensive blue green algal bloom developed on the Goondiwindi Weir. While the bloom extended over the full length of the ponded area of the weir the hazard level, according to the algal count, was "low". SunWater, on behalf of the Commission immediately issued a media release to warn the public of the danger and erected warning signs at locations where the public might access the weir. The algal bloom was flushed through the weir during the river flows in early December 2004.
- ◆ As a result of the algal bloom on the Goondiwindi Weir the Commission asked SunWater to prepare an algal response strategy for the Border Rivers weirs to ensure that next time there was an outbreak of blue green or other algae in the Border Rivers they would have a documented strategy in place to deal with the event.
- ◆ The flows in the Border Rivers and Intersecting Streams during 2004-05 were well below average, resulting in most water quality parameters also being well below the average figures. The lack of flood flows, in particular, meant that turbidity levels in all streams, except for the Weir River, were well below average.
- ◆ The Queensland Department of Primary Industries and Fisheries completed their report on the fishway monitoring project they undertook at Boggabilla Weir. The authors have concluded that while the fishway provides passage for fish while the headwater and tailwater levels are within the design operating levels, overall it does not provide adequate passage for fish. They recommended that, at a minimum, the fishway should be extended to operate over the full range of flow conditions at the weir. The Commission will consider the report and recommendation in early 2005-06.

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

- ◆ The Queensland Department of Natural Resources and Mines and the New South Wales Department of Infrastructure, Planning and Natural Resources continued to monitor water levels in the Commission's observation bore network on the Commission's behalf.



- ◆ The Commission's observation bore network consists of 50 piezometers located in 36 bores. Due to the continued high level of groundwater use during the year the groundwater levels in most of the observation bores in the area were as low as or lower than they were during the previous year.



- ◆ The Commission is watching with interest the joint Bureau of Rural Sciences, Australian Bureau of Agricultural and Resource Economics, NSW Department of Infrastructure Planning and Natural Resources and Queensland Department of Natural Resources and Mines project which is aimed at providing a scientific and economic framework to support co-management of groundwater and surface water resources. The three-year study, in which the Border Rivers catchment has been nominated as a trial catchment, will conclude at the end of 2005-06.

Future directions

As previously reported, the proposed reform of the institutional arrangements in the Border catchments will clearly separate the water resource management responsibilities and water infrastructure management responsibilities in the Border catchments. This will result in a significant change in the way that resource management responsibilities are discharged in those catchments. While it is not clear yet what form the institutional arrangements in the Border catchments will take, the Commission will continue to provide help and assistance to the two state departments responsible for natural resources as they develop the new structures responsible for resource management activities and, in particular, the structures to oversee arrangements for interstate water sharing in the Border catchments.

In due course the New South Wales-Queensland Border Rivers Agreement of 1946 will be replaced by the proposed new inter-governmental water sharing agreement for the Border catchments which is slowly being developed by the Queensland Department of Natural Resources and Mines and the New South Wales Department of Infrastructure, Planning and Natural Resources.

During 2005-06 the Commission proposes to undertake a project to improve and enhance access to the data from the Commission's 49 stream gauging stations. In particular the Commission will be improving access to the data from operations gauging stations in the Border Rivers catchment.

The business and our customers

Strategic focus

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

Traditionally the work of operating and maintaining the Commission’s infrastructure has been undertaken on the Commission’s behalf by the “Controlling Authorities” of Queensland or New South Wales, as prescribed in the Agreement or as otherwise arranged by the Commission. The Controlling Authorities are currently the Queensland Department of Natural Resources and Mines and the New South Wales Department of Infrastructure, Planning and Natural Resources.

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

Achievement of objectives during 2004-05

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

- ◆ While the Commission only has two customers in the Border Rivers catchment, the states have several hundred customers each. Consequently it is the resource managers and the water service providers in Queensland and New South Wales respectively who are primarily responsible for building and maintaining relationships with the customers and the community in general.
- ◆ The Border Rivers Water Services Advisory Committee (WatSAC), which was established by the Commission to improve the opportunity for the agencies, water service providers, individual customers and the Commission to collaborate and cooperate in the provision of water services in the Border Rivers, met on three occasions during the year.

Objective: *Implement change to address the water reform agendas of the shareholding governments as per the 1994 COAG Agreement.*

- ◆ The Commission established a project team in the latter part of 2004 to assess the present institutional arrangements in the Border Rivers and to recommend preferred new institutional arrangements for managing the water assets and water resources in the catchment. Following completion of a report, which documented the existing institutional arrangements in the Border Rivers and defined the drivers for and objectives of institutional reform, the project team organised a workshop to consider the preferred institutional arrangements. At the conclusion of the financial year arrangements were being made to engage consultants to provide legal, financial and taxation advice.

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

- ♦ In accordance with the legislative reporting requirements for statutory authorities in Queensland and New South Wales, the Commission advises as follows:

Consultants - Because the Commission is not a corporate body it is not able to enter into contracts with consultants. Consequently the Commission did not engage any consultants during 2004-05. If the Commission requires the services of consultants it seeks the assistance of either the Queensland Department of Natural Resources and Mines or the NSW Department of Infrastructure Planning and Natural Resources which engages the consultants on the Commission's behalf under the appropriate state purchasing guidelines.

Risk management and insurance - The Commission's assets are insured under insurance held on the Commission's behalf by the Queensland Department of Natural Resources and Mines and the New South Wales Department of Infrastructure Planning and Natural Resources 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.

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

Freedom of information - No freedom of information requests were received during the year.

Privacy management - The Commission complies with the privacy management requirements applying to the Queensland Department of Natural Resources and Mines and the New South Wales Department of Infrastructure, Planning and Natural Resources. No complaints were received during the year.

Production of the annual report - The estimated external costs, which include the publishing and printing costs, involved in the production of the 2003-04 Annual Report (300 copies) and 2003-04 Annual Statistics (300 copies) was \$2845.

This report is not available on the internet or CD ROM. If additional copies of the report are required they may be obtained from the Secretary of the Dumaresq-Barwon Border Rivers Commission, 203 Tor Street or PO Box 318 Toowoomba Q 4350, or phone 07 4688 1010.

Future directions

The Commission's major focus during the next few years will continue to be to complete the investigations and actions required to ensure that the institutional arrangements in the Border Rivers are reformed in accordance with the water reform directions in both Queensland and New South Wales. At this stage the Commission's target is to have the institutional reform in the Border Rivers completely finalised, with the arrangements, including the legislation, in place by 1 July 2007. In the meantime the Commission aims to have interim new institutional arrangements "on the ground" as soon as practicable.

Financial statements for the year ended 30 June 2005

INDEPENDENT AUDIT REPORT

To the Board of the *Dumaresq-Barwon Border River Commission*

Scope

The financial statements

The financial statements of the *Dumaresq-Barwon Border River Commission* consist of the statement of financial performance, statement of financial position, statement of cash flows, notes to and forming part of the financial statements and certificates given by the board and officer responsible for the financial administration of the *Dumaresq-Barwon Border River Commission*, for the year ended 30 June 2005.

The Board's responsibility

The Board is responsible for the preparation and true and fair presentation of the financial statements, the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial statements.

Audit approach

As required by law, an independent audit was conducted in accordance with *QAO Auditing Standards* to enable me to provide an independent opinion whether in all material respects the financial statements present fairly, in accordance with the prescribed requirements, including any mandatory financial reporting requirements as approved by the Treasurer for application in Queensland

Audit procedures included -

- examining information on a test/sample basis to provide evidence supporting the amounts and disclosures in the financial statements,
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Board ,
- obtaining written confirmation regarding the material representations made in conjunction with the audit, and
- reviewing the overall presentation of information in the financial statements.

Independence

The *Financial Administration and Audit Act 1977* promotes the independence of the Auditor-General and QAO authorised auditors.

The Auditor-General is the auditor of all public sector entities and can only be removed 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 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.

Audit Opinion

In accordance with section 46G of the *Financial Administration and Audit Act 1977* -

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion -
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the statements have been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the *Dumaresq-Barwon Border River Commission* for the financial year 1 July 2004 to 30 June 2005 and of the financial position as at the end of that year.


D L EDGERTON, FCPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

CERTIFICATE OF THE DUMARESQ-BARWON BORDER RIVERS COMMISSION

These general purpose financial statements have been prepared pursuant to section 40(1) of the *Financial Administration and Audit Act 1977* (the Act) and other prescribed requirements. In accordance with section 40(3) of the Act we certify that in our opinion:

- a) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) The statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Dumaresq-Barwon Border Rivers Commission for the financial year ended 30 June 2005 and of the financial position of the Commission at the end of that year.



Mr. Michael Montefiore
Chairman
20 September 2005



Mr. Anthony Corcoran
Accountant
20 September 2005

Dumaresq-Barwon Border Rivers Commission

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
Total revenues from ordinary activities	2	1,941,120	1,719,703
Total expenses from ordinary activities	1	2,374,851	2,397,114
Net operating result		(433,731)	(677,411)
Non-owner transaction changes in equity:			
Net increase in asset revaluation reserve	7	1,578,665	859,630
Total revenues, expenses and valuation adjustments recognised directly in equity		1,578,665	859,630
Total changes in equity other than those resulting from transactions with owners as owners		1,144,934	182,219

Dumaresq-Barwon Border Rivers Commission

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
Current assets			
Cash assets	3	1,475,119	1,462,632
Receivables	4	1,992,218	1,768,281
Total current assets		3,467,337	3,230,913
Non-current assets			
Property, plant and equipment	5	55,329,247	54,339,458
Total non-current assets		55,329,247	54,339,458
Total assets		58,796,584	57,570,371
Current liabilities			
Payables	6	420,048	338,769
Total current liabilities		420,048	338,769
Total liabilities		420,048	338,769
Net assets		58,376,536	57,231,602
Equity			
Retained surplus	7	19,274,893	19,708,624
Reserves:			
Asset revaluation reserve	7	39,101,643	37,522,978
Total equity		58,376,536	57,231,602

The accompanying notes form part of these financial statements.

Dumaresq-Barwon Border Rivers Commission

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
Cash flows from operating activities			
<i>Inflows:</i>			
Contributions by the States		1,760,000	1,760,000
Rental income		3,402	32,864
Interest receipts		125,757	96,341
GST input tax credits from Australian Taxation Office		156,699	158,590
Other		8,024	-
<i>Outflows:</i>			
Administrative allowances		(7,211)	(7,350)
Insurance		(86,371)	(61,884)
Payments to suppliers, employees etc		(1,781,010)	(1,816,460)
GST remitted to Australian Taxation Office		(166,789)	(165,319)
Other		(14)	-
Net cash provided by (used in) operating activities	9	12,487	(3,218)
Cash flows from investing activities			
<i>Outflows:</i>			
Payments for property, plant and equipment		-	(26,392)
Net cash provided by (used in) investing activities		-	(26,392)
Net increase (decrease) in cash held		12,487	(29,610)
Cash at the beginning of financial year		1,462,632	1,492,242
Cash at the end of financial year	3	1,475,119	1,462,632

The accompanying notes form part of these financial statements.

The reporting entity

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

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

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

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. In accordance with the terms of that agreement, the Commission has arranged for secretarial and accounting support to be provided as from 1 April 2002 by officers of the Department of Natural Resources and Mines (Queensland). Prior to this, from 1 April 1997, this support was provided for a five yearly rotational term by officers of the Department of Infrastructure, Planning and Natural Resources (New South Wales).

Summary of significant accounting policies

(a) Basis of accounting

This financial report is a general purpose financial report that has been prepared on an accruals basis and in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group (UIG) Consensus Views and the requirements of the *Financial Administration and Audit Act 1977* (Queensland). Where there are inconsistencies between those requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 *Accounting Policies* is considered.

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

(b) The financial report is prepared on a going concern basis.

(c) Rounding and comparatives

Amounts included in the financial statements have been rounded to the nearest dollar and are expressed in Australian currency.

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

(d) Cash assets

For the Purposes 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 as well as deposits at call with financial institutions. Unpresented cheques drawn have also been deducted from the cash at bank balance.

It also includes the Queensland Treasury Corporation capital guaranteed cash fund investment that is convertible readily to cash on hand at the Commission's option and is subject to a low risk of change in value.

(e) Receivables

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

(f) Acquisition of assets

Actual cost is used for the initial recording of all 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 architect's fees and engineering design fees. Assets acquired at no cost or for nominal consideration are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(g) Plant and equipment

All items of plant and equipment, except intangibles, with a cost or other value in excess of \$1,000 and a useful life greater than one year are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

(h) Depreciation of non-current physical assets

Non-current physical assets are 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 normal life expectancies of the major asset categories are as follows:

Asset category	Number of years
Buildings:	
Buildings - workshop/depot	40
Buildings - houses/office complex	50
Water infrastructure:	
Dam - structural components	200
Dam - mechanical/electrical components	30-100
Major Weir - structural components	150
Major Weir - mechanical/electrical components	10-80
Minor Weir - regulator/structural components	75-80
Plant and equipment:	
Plant and equipment (at cost)	4-15

(i) Revaluation of non-current physical assets

Land, buildings and infrastructure assets are measured at fair value in accordance with AASB 1041 *Revaluation of Non-Current Assets*. The Commission's physical non-current assets, except for plant and equipment were independently revalued in June 2001, and will be revalued again at 30 June 2006. Interim valuations using appropriate indices are otherwise performed on an annual basis where there has been a material variation in the index.

Plant and equipment is included in the accounts at cost less accumulated depreciation. These items were not revalued as their written down value approximates their fair value.

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

(j) Payables

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

(k) Insurance

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

(l) Employee benefits

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

(m) Revenue

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

(i) Rendering of services

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

(ii) Interest

Interest revenue is recognised as it accrues.

(iii) Grants and contributions

Contributions and grants from other bodies are recognised as revenue when the Commission obtains control of the contributed assets or on receipt of cash.

(iv) Lease income

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

(n) Financial instruments disclosures

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

(i) Interest rate risk

Interest rate risk, is the risk that the value of the instruments will fluctuate due to changes in market interest rates. The entity's exposure to interest rate risk and the effective interest rates of financial assets and liabilities at the balance date are disclosed at Note 10.

(ii) Credit risk

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

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

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

(p) Adoption of International Financial Reporting Standards

The Financial Reporting Council has determined that all entities preparing general purpose financial statements will apply the Australian Equivalents to International Financial Reporting Standards (AEIFERS) for reporting periods beginning on or after 1 January 2005.

The Dumaresq-Barwon Border Rivers Commission has contracted an external industry consultant to assess the impact of the new reporting requirements on the Commission's behalf, and initial advice has indicated that there will be no significant effect on policies, procedures, system and financial impacts arising from the implementation of AEIFRS.

Policy decisions made at a whole-of-government level in relation to the limiting of options in the AEIFERS may have additional impacts on financial reports prepared using these standards.

Dumaresq-Barwon Border Rivers Commission

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005

1. Expenses from ordinary activities	Note	2005 \$	2004 \$
Administrative allowances		15,329	15,393
Insurance		78,519	56,258
Fees for services - provided by the states	1(a)	1,688,627	1,625,219
Depreciation		588,876	633,381
Audit fee		3,500	3,500
Other expenses from ordinary activities	1(b)	-	63,363
Total expenses from ordinary activities		2,374,851	2,397,114

1(a) 'Fees for services - provided by the states' of \$1,688,627 (2004-05) includes expenditure of \$89,817 in relation to refurbishment of Glenlyon Dam town water rising main. 2003-04 expenditure includes \$247,150 in relation to remedial works at Boggabilla Weir.

1(b) 'Other expenses from ordinary activities' includes \$63,360 (2003-04) which represented a compensation settlement arising from the normal course of operations.

2. Revenues from ordinary activities

Contributions by the states	2(a)	1,800,000	1,600,000
Interest on investments		96,768	59,241
Interest on bank account		24,110	37,980
Rental income		12,218	22,482
Recovery of expenditure		8,024	-
Total revenues from ordinary activities		1,941,120	1,719,703

2(a) 'Contributions by the states' The Commission call-up invoices totalling \$1,800,000 were issued to the States on 30 June 2005, which was an increase of \$200,000 from 2003-04.

3. Cash assets

Cash at bank and on hand	3(a)	(233,315)	264,960
At call interest bearing investment		1,708,434	1,197,672
Total cash assets		1,475,119	1,462,632

3(a) 'Cash at bank and on hand' The Cash at bank and on hand balance of (\$233,315) does not represent a physical bank overdraft but rather the reconciled year end position of physical cash at bank of \$14,958 less unrepresented cheques totalling \$248,273. This balance is as a result of the cash management strategy applied by the Commission to maximise interest earned on the investment.

Investments deposited with the Westpac Banking Corporation earned interest at rates between 5.24% to 5.31%. (2003-04: Westpac Banking Corporation 4.64% to 5.42%).

Investments deposited with the Queensland Treasury Corporation capital guaranteed fund earned interest at rates between 5.37% to 6.09%.

Dumaresq-Barwon Border Rivers Commission

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005

4. Receivables	Note	2005 \$	2004 \$
Receivables			
Department of Infrastructure, Planning & Natural Resources (New South Wales)		990,000	880,000
Department of Natural Resources and Mines (Queensland)		990,000	880,000
SunWater (Queensland)		12,218	3,402
Accrued investment interest		-	4,879
Total receivables		1,992,218	1,768,281

5. Property, plant and equipment

Buildings (at valuation)		1,000,823	909,693
less: accumulated depreciation		(596,811)	(523,762)
		404,012	385,931
Water infrastructure systems (at valuation)		71,188,422	69,470,501
less: accumulated depreciation		(17,677,731)	(16,673,908)
		53,510,691	52,796,593
Land (at valuation)		1,383,781	1,121,933
		1,383,781	1,121,933
Plant and equipment (at cost)		72,012	72,012
less: accumulated depreciation		(41,249)	(37,011)
		30,763	35,001
Total property, plant and equipment		55,329,247	54,339,458

The Commission's physical non-current assets, except for plant and equipment were independently revalued in June 2001 by the Department of Public Works and Services (New South Wales) using 'fair value' principles. Infrastructure assets reflect the 'fair value' based on the current replacement cost to reflect the lowest cost at which the service potential of future economic benefits of the asset could be obtained in the normal course of business. Land associated with the infrastructure was revalued on the basis of current market buying price, including appropriate transaction costs (ie value in use). Indexes have been applied as at 30 June 2005 to land, buildings and water infrastructure systems per Australian Bureau of Statistics indices supplied by the Office Of Economic and Statistical Research (Queensland).

Plant and equipment is included in the accounts at cost less accumulated depreciation. These items were not revalued as their written down value approximates their fair value. The recoverable amounts test has not been applied, as the Commission is a not-for-profit entity and the service potential of its non-current assets is not dependant on their ability to generate net cash inflows.

Dumaresq-Barwon Border Rivers Commission

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005

Property, plant and equipment (continued)

Reconciliation	Buildings	Water infrastructure systems	Land	Plant and equipment	Total
	2005 \$	2005 \$	2005 \$	2005 \$	2005 \$
Carrying amount at 1 July	385,931	52,796,593	1,121,933	35,001	54,339,458
Acquisitions	-	-	-	-	-
Revaluation increments	36,787	1,280,030	261,848	-	1,578,665
Disposals	-	-	-	-	-
Depreciation	(18,706)	(565,932)	-	(4,238)	(588,876)
Carrying amount at 30 June	404,012	53,510,691	1,383,781	30,763	55,329,247

	2005 \$	2004 \$
6. Payables		
Accrued expenditure reimbursement claims:		
Department of Infrastructure, Planning & Natural Resources (New South Wales)	61,778	109,551
Department of Natural Resources, Mines (Queensland)	61,448	31,417
SunWater (Queensland)	155,034	61,440
GST payable	180,000	160,000
GST receivable	(42,995)	(30,192)
	137,005	129,808
PAYG payable	1,175	1,175
Other accrued expenses	3,608	5,378
Total payables	420,048	338,769

Dumaresq-Barwon Border Rivers Commission

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005

7. Changes in equity

	Retained Surpluses		Asset Revaluation Reserve		Total	
	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$
Balance 1 July	19,708,624	20,386,035	37,522,978	36,663,348	57,231,602	57,049,383
Net operating result	(433,731)	(677,411)	-	-	(433,731)	(677,411)
Non-owner changes in equity recognised on the face of the Statement of Financial Performance:						
Increase in Asset Revaluation Reserve	-	-	1,578,665	859,630	1,578,665	859,630
Balance 30 June	19,274,893	19,708,624	39,101,643*	37,522,978*	58,376,536	57,231,602

* Closing balance of asset revaluation reserve by class:

	2005	2004
	\$	\$
Land	512,109	250,261
Buildings	401,066	364,279
Infrastructure assets	38,188,468	36,908,438
Total	39,101,643	37,522,978

8. Contingent liabilities

	2005	2004
Number of cases	1	0

In light of recent changes to the accepted methods for estimating Probable Maximum Precipitation and Probable Maximum Floods and new ANCOLD guidelines for acceptable flood capacities for dams, the Commission has commissioned the Department of Infrastructure, Planning and Natural Resources (NSW) to undertake, on its behalf, a review of the adequacy of the Glenlyon Dam spillway. The Commission is aware that the outcome of the study will almost certainly be that it is necessary for the Commission to increase the capacity of the Glenlyon Dam spillway. At this stage the Commission is not aware of when it may be necessary to upgrade the spillway or what the upgrade may cost. The States of New South Wales and Queensland are both aware of the possible need to provide funding to the Commission to upgrade the Glenlyon Dam spillway.

Dumaresq-Barwon Border Rivers Commission

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005

9. Reconciliation of net operating result to net cash provided by (used in) operating activities

	2005 \$	2004 \$
Net operating result	(433,731)	(677,411)
Depreciation	588,876	633,381
Asset write-offs	-	-
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(223,937)	9,500
Increase (decrease) in accounts payable	81,279	31,312
Net cash provided by (used in) operating activities	12,487	(3,218)

10. Financial instruments

Interest rate risk exposure

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

	Weighted average rate: %	Fixed interest rate maturities				Non interest bearing \$	Total \$
		Floating rate \$	1 Year or less \$	1 to 5 years \$	Greater than 5 years \$		
30 June 2005							
<i>Financial assets</i>							
Cash assets							
Cash at bank and on hand*	0.22	(233,315)	-	-	-	-	(233,315)
Investments	6.42	-	1,708,434	-	-	-	1,708,434
Receivables	NA	-	-	-	-	1,992,218	1,992,218
Total financial assets		(233,315)	1,708,434	-	-	1,992,218	3,467,337
<i>Financial liabilities</i>							
Payables	NA	-	-	-	-	420,048	420,048
Total financial liabilities		-	-	-	-	420,048	420,048
Net financial assets/ (liabilities)		(233,315)	1,708,434	-	-	1,572,170	3,047,289

Floating interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2005

* The Cash at bank and on hand balance of (\$233,315) does not represent a physical bank overdraft but rather the reconciled year end position of physical cash at bank of \$14,958 less unrepresented cheques totalling \$248,273. This balance is as a result of the cash management strategy applied by the Commission to maximise interest earned on the investment.

Credit risk exposure

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets, as indicated in the Statement of Financial Position. The Commission has not created a provision for doubtful debts (see *Summary of significant accounting policies - Note (e) Receivables*).

No significant credit risks have been identified.

Dumaresq-Barwon Border Rivers Commission

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2005

11. Post balance date event

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

End of audited financial statements