

*Dumaresq-Barwon
Border Rivers Commission*



***Annual Report
2013-14***

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 2014.

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

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

Dear Mr Cripps

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Act 1946 we have pleasure in enclosing, for presentation to the Parliament, the Annual Report and Financial Statements of the Dumaresq-Barwon Border Rivers Commission for 2013-14.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warren Martin'.

Warren Martin
Chair

A handwritten signature in blue ink, appearing to read 'Paul Sanders'.

Paul Sanders
A/Commissioner for Queensland



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

The Honourable Kevin Humphries, MP
Minister for Natural Resources, Lands and Water
Level 15
52 Martin Place
SYDNEY NSW 2000

Dear Mr Humphries,

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Act 1947 and the Annual Reports (Statutory Bodies) Act 1984, we have pleasure in enclosing, for presentation to the Parliament, the Annual Report and Financial Statements of the Dumaresq-Barwon Border Rivers Commission for the year ended 30 June 2014.

Yours sincerely

Warren Martin
Chair

Paul Simpson
Deputy Commissioner
for New South Wales

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The Dumaresq-Barwon Border Rivers Commission was established by the governments of Queensland and New South Wales under an agreement made in November 1946 called the New South Wales-Queensland Border Rivers Agreement. That agreement was subsequently ratified by legislation in both states.

The Commission is responsible for controlling, on behalf of the two states, the operation and maintenance of Glenlyon Dam, Boggabilla Weir and a number of other small weirs and regulators in the border catchments and arranging for certain river flows and groundwater levels in the border catchments to be monitored.

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

As the “owner” of a referable dam in Queensland, the Commission is also a registered water service provider under the Queensland *Water Supply (Safety and Reliability) Act 2008*.

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

2013-14 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 funding 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 commencing the year at approximately 90% capacity, ample volumes of regulated water were available to be extracted with 186 gegalitres and 47 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 below average with 7.6 gegalitres and 8 gegalitres of water being taken from the Border Rivers by New South Wales and Queensland respectively, again within approved allocations.
- Groundwater use was above the average in recent years with 5.3 gegalitres and 6.2 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 2013-14 Glenlyon Dam was down to 38% capacity with most private storages in the border region also low or empty.

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

- The environmental, stock and domestic inflows to Beardmore Dam were released downstream until late August. There was no inflow to the dam recorded from September through to late February.
- Significant flows were recorded in the Bulloo and Paroo rivers from late February through to mid-April 2014.

Financial position

- The Commission's net decrease in cash for 2013-14 was \$130,000. At 30 June 2014, the Commission's accounts showed a total financial reserve of \$3,882,000.

Chair's Report

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 during 2013-14.

Institutional Reform

In last year's Annual Report, I indicated that in 2013-14 a primary focus of the Commission would be directed to advancing options to reform the future institutional framework and management of the Border Rivers system. This work has been driven primarily by identified concerns of the Commission within its risk management areas and conclusions from the independent consultants' reports. During 2013-14 that work has been virtually completed with a formal submission from the Commission to the Queensland and New South Wales governments planned for early in 2014-15.

Water Resource Management

Oversight of the operational water management activities continued to be the responsibility of the *Border Standing Committee* and the Commission's *Management Committee* within their respective accountabilities. Both entities provided professional, timely and useful advice to the Commission.

Monitoring of surface water and groundwater resources was continued by Queensland and New South Wales resource management agencies. Development of a new groundwater management model for the Border Rivers alluvium has commenced with modellers from the Qld Department of Science, Information Technology, Innovation and the Arts (DSITIA) contracted to construct the model.

There were no major environmental issues relating to river management or asset management. The border areas did not experience any climatic/hydrologic extremes and based on the states' advice there were neither any unforeseen flow regimes nor reports of water quality deterioration.

Financial

The Commission had a total financial reserve of \$3,882,000 as at 30 June 2014. This represented a decrease of \$130,000 over the year but this reduction aligns reasonably well with future budget forecasts and the impacts of some unplanned maintenance works during this year.

Adequate funds have been maintained in the Commission's investment account, supplemented by call-ups at the current level from New South Wales and Queensland governments, to meet the Commission's current projected five year programmes. SunWater has been requested to advise on any future need to revise such call-ups based on risk management decisions by the Commission.

Limited planned capital work was undertaken during 2013-14. The Commission's investment account as at 30 June 2014 held approximately \$3.2 million, which will sustain the Commission's activities without increasing the states' "call-up" amount

under the Commission's current five year programmes. Longer-term directions suggest supplementation of the existing "call-ups" amounts will be required.

The 2013-14 Financial Statements were found to be in order by the Queensland Audit Office. As per last year's audit request, a new Financial Management Practice Manual was developed and subsequently approved for implementation by the Commission.

River Operations and Asset Management

New South Wales and Queensland water corporations, (State Water and SunWater) continued to provide river operations and asset management services on a fee-for-service basis. The proposed changes under the reforms mentioned above seek to align such activities with more modern institutional management arrangements.

There were no emergencies throughout the year within the river management and asset management programmes.

The Commission has been given permission to access LIDAR information gathered by the Murray Darling Basin Authority to use in their revision of the Dam Break Analysis for Glenlyon Dam. It is envisaged that this study, to be undertaken by SunWater, will be completed in the 2014/15 financial year. We thank the Authority for that decision.

2013-14 Resource Availability and Use

The Bureau of Meteorology's forecast for 2013-14 was for dry conditions along the border region, which proved to be correct. Glenlyon Dam, the primary storage within the system, at the start of 2013-14 was close to full capacity (90%). It fell to a low of approximately 40% at the end of the financial year, holding approximately 95 gigalitres. Water users' risk management decisions need to have regard to the lower storage situation and current projections of dry conditions in 2014-15.

In monitoring bores on the New South Wales side of the border, there has been limited drawdown in groundwater levels, particularly in the upper aquifer. Some decline was expected given the higher levels seen following the floods in 2011 and the subsequent dryer conditions and increased usage during 2013-14.

The Commission thanks SunWater and State Water for their management of the Commission's works and delivery of water to the states during the year 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 state Commissioners and staff that directly serviced the Commission and the Commission's Management Committee and the Border Standing Committee members for their continuing diligence, efforts and support during 2013-14.



Warren Martin
Chair

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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 2013-14 were:

Mr WH (Warren) Martin

Commissioner and Chair of the Commission

Mr Martin 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 re-appointed to the position from 9 February 2012 until 8 February 2017. During 2013-14 Mr Krebs was Program Director, Murray Darling, South Region in the Queensland Department of Natural Resources and Mines.

Mr Krebs was granted a "leave of absence" from Commission business from 24 October 2013 in order for him to progress the Institutional Reform process mentioned elsewhere in this report. During his absence, Deputy Commissioner Mr Paul Sanders was Acting Commissioner representing Queensland.

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 2013-14 Mr Christmas was Program Coordinator, Water Management and Implementation in the New South Wales Office of Water.

Ms A O'Mara

Commissioner representing New South Wales

Ms O'Mara was appointed to the position from 22 July 2013 to 22 July 2018 as a replacement for Mr PG Christmas. Ms O'Mara resigned as Commissioner on 30 October 2013 due to her transfer to another government entity. During her time with the Commission, Ms O'Mara was Manager, Natural Resources Law in the New South Wales Department of Trade and Investment.

At the time of this report, a replacement for Ms O'Mara had not formally been approved.

The deputy commissioners during 2013-14 were:

Mr PR (Paul) Sanders

Deputy Commissioner representing Queensland

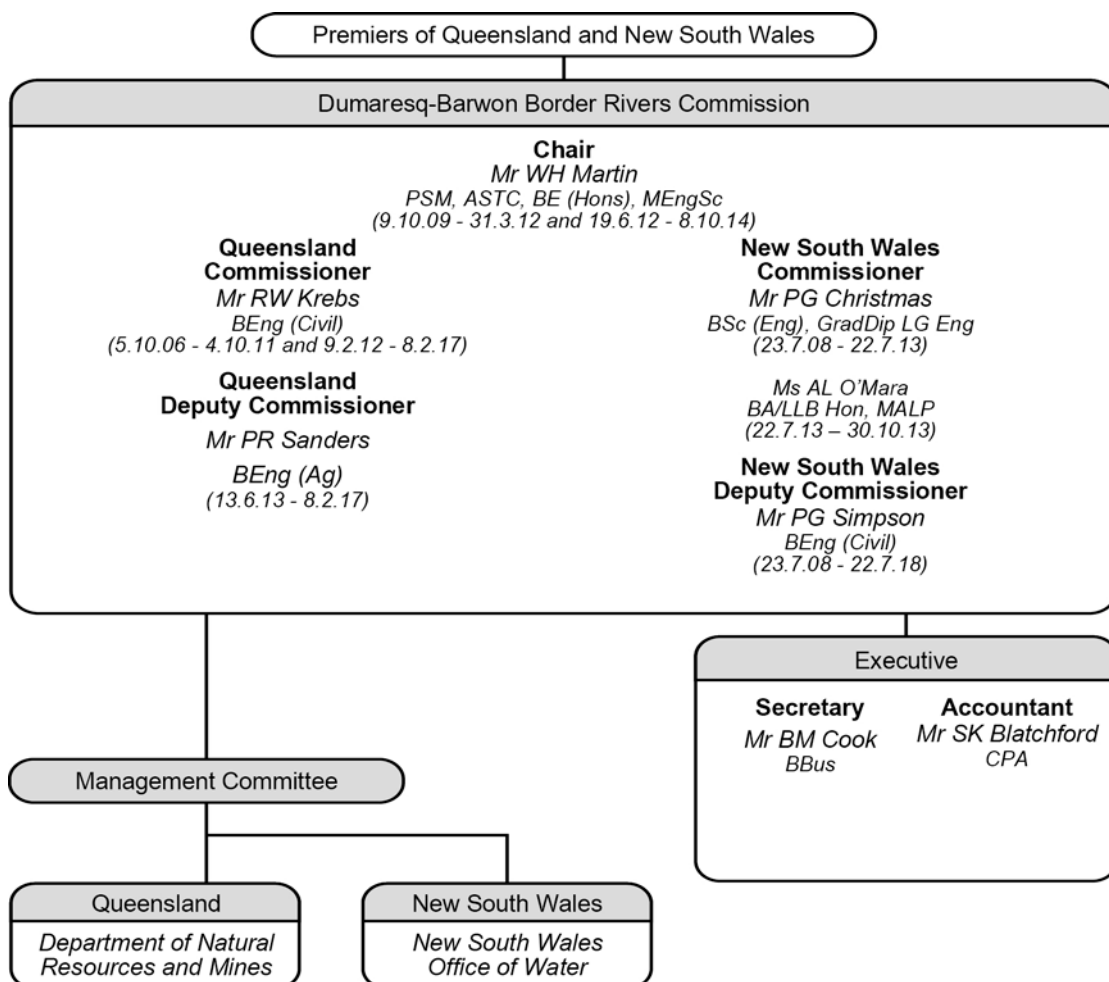
Mr Sanders was appointed to the position from 13 June 2013 until 8 February 2017. During 2013-14 Mr Sanders was Regional Manager, Water Services, South Region in the Queensland Department of Natural Resources and Mines.

Mr PG (Paul) Simpson

Deputy Commissioner representing New South Wales

Mr Simpson was re-appointed to the position for the period from 22 July 2013 to 22 July 2018. During 2013-14 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 formally on two occasions during the year. Meeting No 175 of the Commission was held in Brisbane on 25 November 2013 and meeting No 176 in Brisbane on 3 June 2014. Commissioners Martin, Sanders and Simpson attended both meetings whilst Commissioner O'Mara attended only the November meeting. All other business during the year was conducted out-of-session.

Management committee

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

During 2013-14 the management committee consisted of Ms A (Anna) Bailey and Mr AJ (Andrew) Scott both of the New South Wales Office of Water and Mr CA (Craig) Gordon of the Queensland Department of Energy and Water Supply and Mr SL (Steve) Goudie of the Queensland Department of Natural Resources and Mines. The

chair of the management committee is traditionally rotated between the states at two yearly intervals with Mr Goudie being the chair in 2013-14.

The management committee met formally on two occasions during the year on 29 October 2013 and 7 May 2014. 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 ensure the infrastructure it controls is operated and maintained in accordance with best practice, dam safety conditions and standards and the relevant Asset Management Plans, 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 asset facility management and river management services respectively on its behalf.

Further details of the infrastructure controlled by the Commission may be found in its report, *Annual Statistics 2013-14*, which is available from the Commission or from its web site.

KEY OUTCOMES DURING 2013-14

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.

The Commission has been given permission to access LIDAR information gathered by the Murray Darling Basin Authority to use in their revision of the Dam Break Analysis for Glenlyon Dam. It is envisaged that this revision will be completed in the 2014/15 financial year.

Emergency event operations

With Glenlyon Dam remaining well below full 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 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 2013-14.

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. The only major projects undertaken during the year were the refurbishment of both cone valves at Glenlyon Dam.

Asset management

The Commission undertook their annual scheduled maintenance programme with the majority of work being performed at Glenlyon Dam and Boggabilla Weir. 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 are operated by private lessees and provide facilities for those wishing to stay longer. It was estimated that more than 68,000 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 2014-15 include:

- continuing activity to revise the dam break analysis for Glenlyon Dam;
- conducting a five year comprehensive inspection of Glenlyon Dam and Boggabilla Weir;
- installation of a concrete plinth to strengthen Bonshaw Weir; and
- inspect and clean the bridge bearing pads on the spillway at Glenlyon Dam.

Water resources management

OBJECTIVES

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

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

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

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

STRATEGIC FOCUS

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

In addition, the Commission is responsible for ensuring that effective and uniform systems are in place to monitor and record river heights and flows in the Border Rivers and Intersecting Streams and groundwater levels in the alluvial aquifers associated with the Dumaresq River. The Controlling Authorities of New South Wales and Queensland undertake the required monitoring funded by 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 supports a coordinated program undertaken by the states to monitor water quality in both the Border Rivers and the Intersecting Streams to obtain an ongoing record of key water quality indicators and to identify emerging water quality issues.

In 2013-14, the Commission has continued to focus on reforms to the institutional framework under which it performs its statutory responsibilities. The Commission is of the opinion it is time to resolve a number of concerns within that framework, which the two governments need to address.

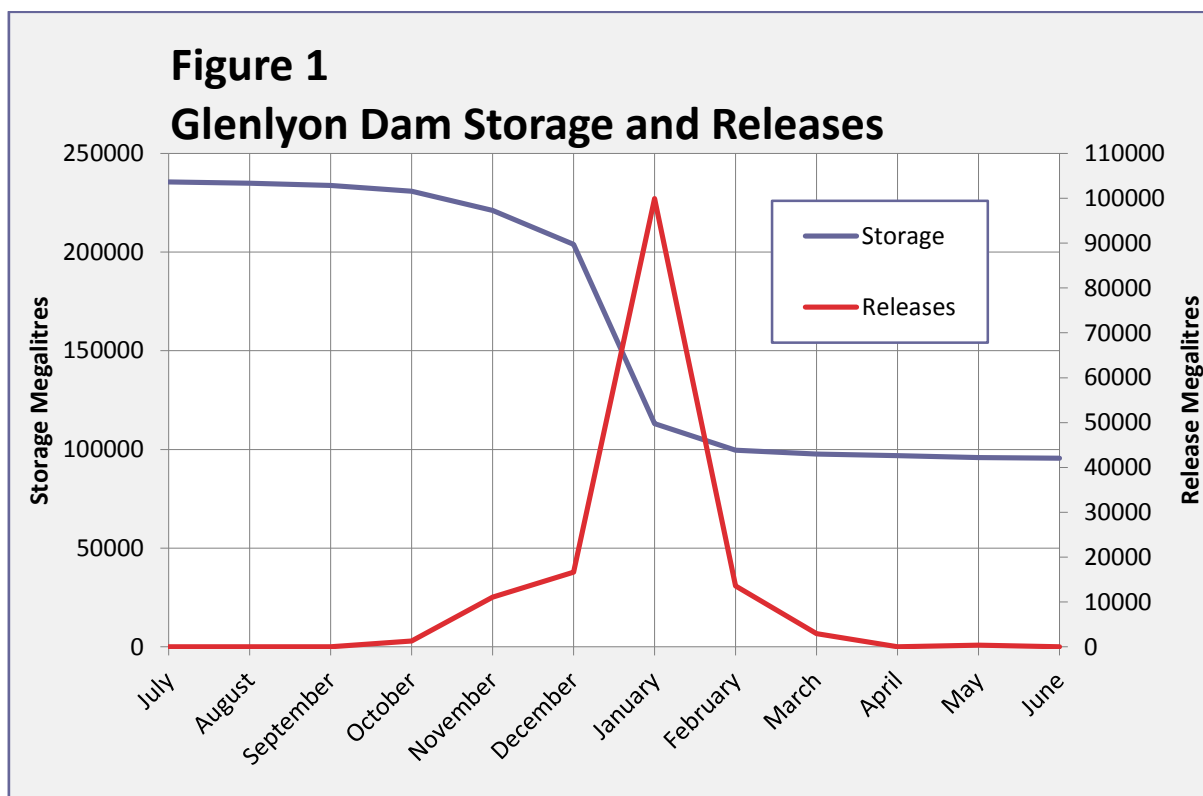
KEY OUTCOMES DURING 2013-14

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, the approved allocation limits assigned for general use to New South Wales and Queensland were 193,846 megalitres and 55,188 megalitres respectively.

In the 12-month period from 1 July 2013, New South Wales water users diverted 186,210 megalitres of regulated water and Queensland water users diverted 47,199 megalitres, both well within the approved allocation limits.

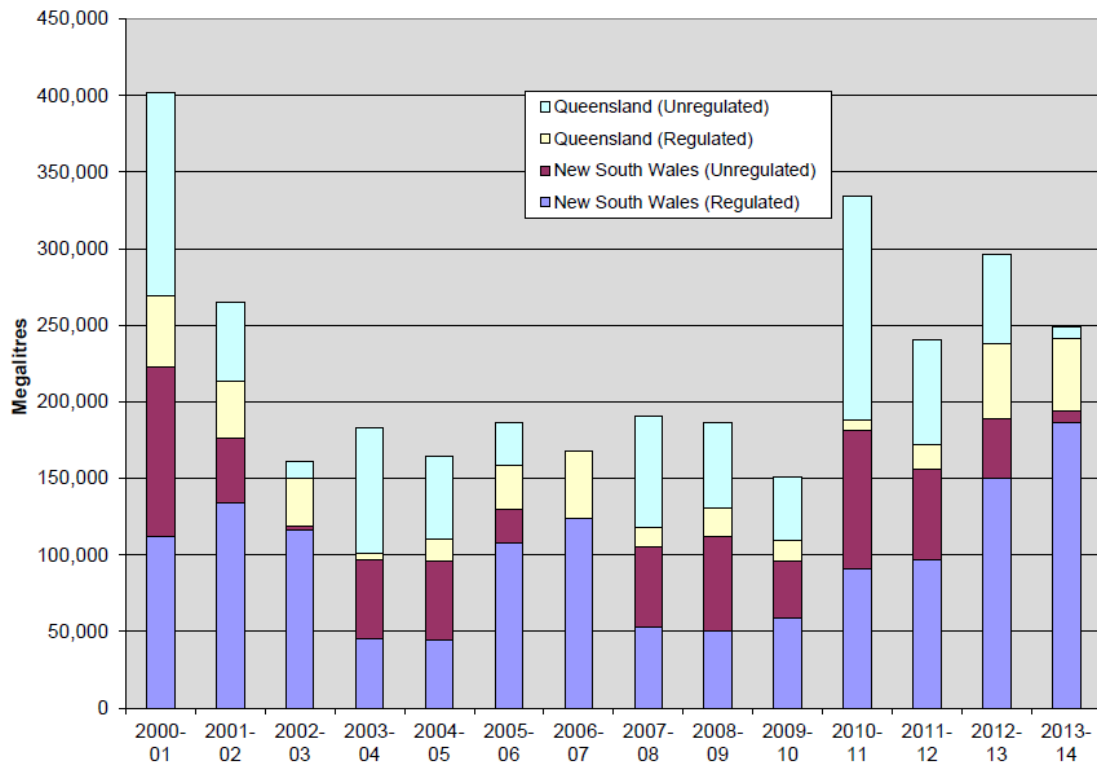
Drier climatic conditions during the year saw the storage level at Glenlyon Dam drop significantly during the peak summer months from December to February as shown in Figure 1. During 2013-14 there was little inflow to the dam.



During the year water users were granted opportunities to pump unregulated water from the Border Rivers with New South Wales and Queensland diverting 7,636 megalitres and 7,989 megalitres respectively. These diversions fell within the approved limits.

Figure 2 illustrates the history of regulated and unregulated water use by both states from the Border Rivers since 2000.

Figure 2
Border Rivers Water Use History



Beardmore Dam environmental, stock and domestic releases

The environmental, stock and domestic inflows to Beardmore Dam were released and allowed to pass downstream until the end of August 2014. There were no recorded environmental, stock and domestic inflows to Beardmore Dam for the period from September through to late February 2014. Minor inflows of environmental stock and domestic water that occurred from late February to early March were stored. A portion of this stored water was subsequently released to replenish the waterholes between Beardmore Dam and Jack Taylor Weir. The remaining portion of stored water was released in advance of a water harvesting event at the beginning of April. During and following the flow event the environmental, stock and domestic inflows were allowed to pass downstream (and not stored for later release). The outcome of the flow event resulted in a flow through the entire length of the Culgoa River downstream to the Barwon River and Narran River downstream to Narran Lakes. The volume of the flow in the Bokhara and Ballandool Rivers was significantly less and only provided benefit a short distance downstream of the Queensland – New South Wales border.

Flow in the intersecting streams

In the Bulloo River catchment there were significant flows recorded from late February through to mid-April 2014. The total volume of flow passing the Autumnvale stream gauging station on the Bulloo River was 136,000 megalitres.

In the Paroo River catchment there were significant flows recorded from late February through to mid-April 2014. The total volume of flow passing the Caiwarro stream gauging station on the Paroo River was 134,000 megalitres.

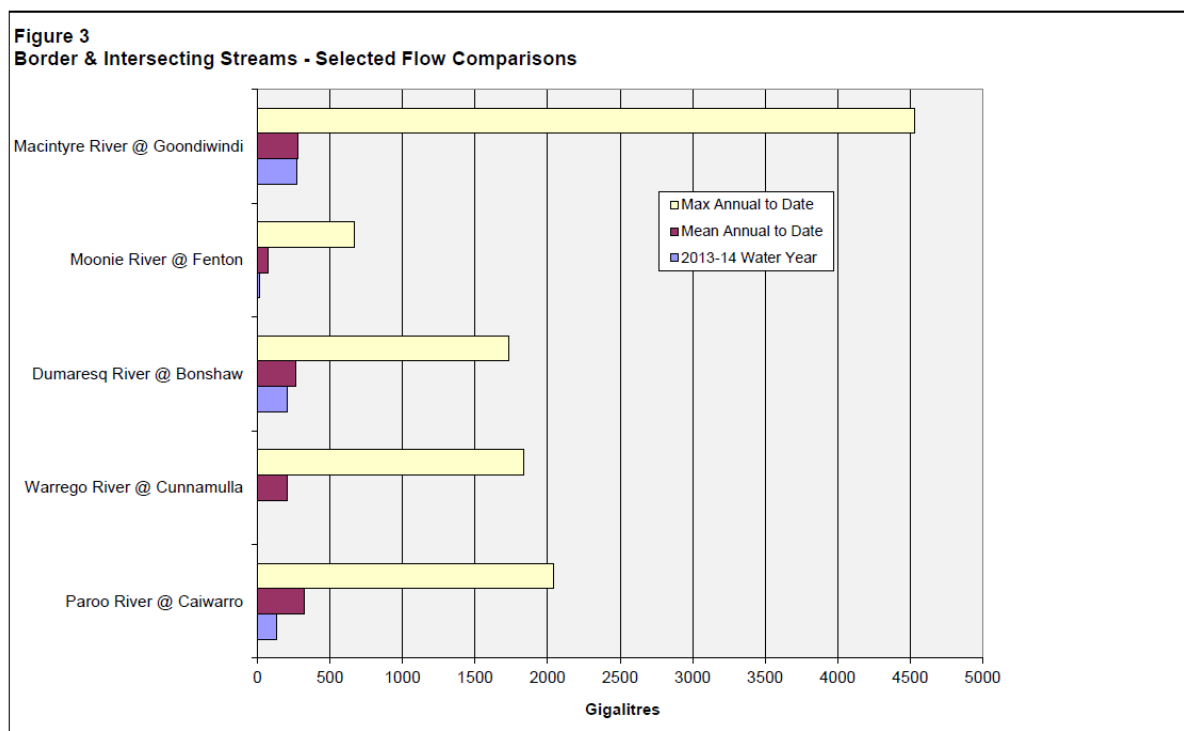
In the Warrego River catchment there was a small flow recorded in the Ward River from mid-February through to mid-March 2014. The total volume of flow passing the Binnowee stream gauging station on the Ward River was 10,000 megalitres. However, due to the dry antecedent conditions, the Cunnamulla Weir Water Supply Scheme only benefitted from an inflow of 2,400 megalitres. There was no water released from the weir in accordance with the pass flow requirements due to critical water arrangements.

In the Nebine Creek catchment there was a small flow event recorded in late February 2014. The total volume of flow passing the Roseleigh stream gauging station on the Nebine Creek was 1,000 megalitres.

In the Lower Balonne there was a small flow event recorded passing St George from late March through to early April 2014. The total volume of flow passing the St George stream gauging station on the Balonne River was 165,000 megalitres.

The main distributary streams all recorded flows at the stream gauging stations upstream of the Queensland – New South Wales border. The combined flow passing for these gauges was 61,000 megalitres with the majority of the flow occurring in the Culgoa River and Narran River.

In the Moonie River catchment there were minor flows recorded in late March 2014. The total volume of flow passing the Fenton stream gauging station on the Moonie River was 15,700 megalitres.



Stream gauging and flow history

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.

The Border Rivers experienced a year of low river flows, with no significant flooding events. River flows ceased from December 2013 to March 2014 at most of the unregulated river monitoring sites. There were two flow events in the unregulated rivers, one in July 2013 and the other during the end of March 2014.

During the water year the Intersecting Streams generally experienced extended periods of low flows, but in several of them there were periods when increases in flows happened.

- In the Paroo River significant flow events occurred in January, March and April 2014.
- Flows in the Culgoa River peaked at over 3,000ML/day in April 2014.
- Prior to March 2014 when a minor fresh occurred, the Warrego River had experienced an extended dry period.

Water quality

The New South Wales Office of Water on a monthly basis monitors water quality at sixteen sites in the Border Rivers and six sites in the Intersecting Streams on behalf of the Commission. 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 for the water quality monitoring program is provided in the DBBRC's *Annual Statistics 2013-14* report that is available from the Commission or its website. Figure 4 shows the median electrical conductivity measured at sites in the Border Rivers during 2013-14.

The Australian and New Zealand Environment and Conservation Council (ANZECC 2000) guidelines indicates an acceptable electrical conductivity level is below 650µs/cm for the irrigation of salt sensitive crops and for aquatic ecosystems in upland rivers below 350µs/cm. In the Border Rivers system, electrical conductivity measurements have revealed that salt concentrations were generally suitable for the irrigation of most salt sensitive crops. Oaky Creek was the only site that had a median value above 650µs/cm and was the only site in the Border Rivers to exceed the guidelines recommended for aquatic ecosystems. The highest median electrical conductivity in the intersecting streams was recorded in the Culgoa River at 341µs/cm. Exceeding the irrigation value of salt sensitive crops, the Bookhara River recorded the highest electrical conductivity of all sites sampled with a reading of 804µs/cm.

Excessive nutrients can impact the aquatic environment by facilitating the growth of algae leading to problematic blooms. This excessive algal production can cause the

water to be contaminated with blue-green algae toxins that can be detrimental to many forms of life.

The total phosphorous concentrations in the rivers generally increased toward the west. Three sites in the Border Rivers had medians, the Weir River (0.28mg/L), Tenterfield Creek (0.14mg/L) and the Macintyre River at Holdfast Crossing (0.11mg/L) that surpassed the Murray-Darling Basin Plan's water quality target for total phosphorous. In the Intersecting Streams two sites exceeded the Basin Plan's target for median total phosphorous, the Narran River (0.33mg/L) and Bokhara River (0.32mg/L).

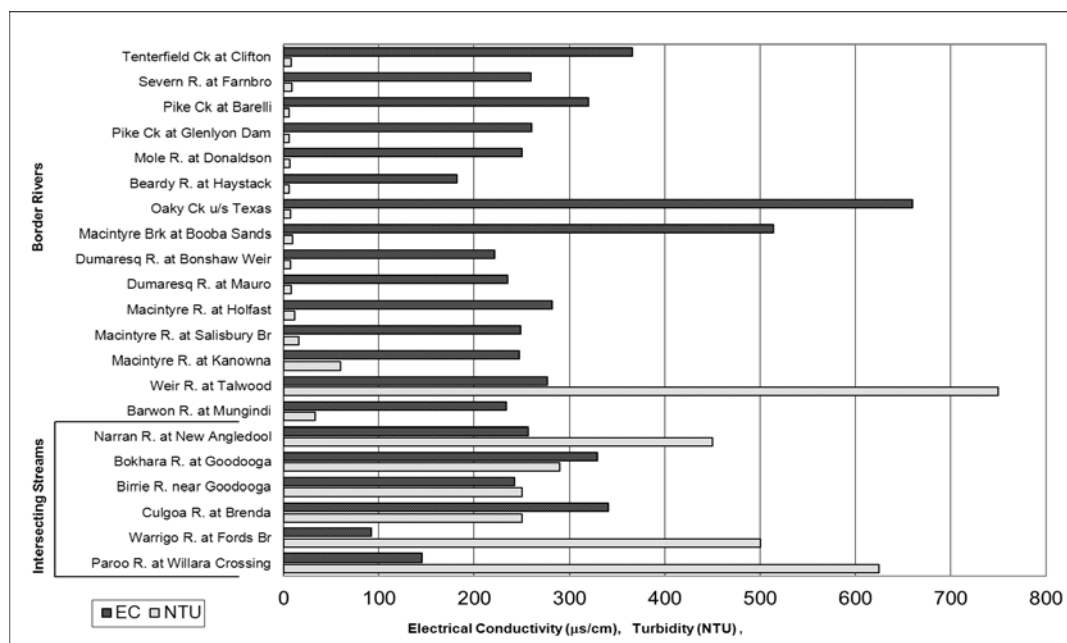
Results for total nitrogen revealed that the Narran and Bokhara Rivers also exceeded the Basin Plan target; both sites had a median value of 1.2mg/L. In the Border Rivers four sites exceeded the Basin Plan target for total nitrogen, Tenterfield Creek (1.09mg/L), Macintyre Brook (0.88mg/L), Severn River (0.82mg/L) and Weir River (1.85mg/L). At most sites, under optimal circumstances such as good light availability and warm still days, algal growth would not likely be limited by nutrient availability as nutrients are often in abundant supply.

Turbidity levels can fluctuate wildly in rivers due to rainfall runoff transporting terrestrial sediments into the drainage system linking wide turbidity fluctuations strongly to rainfall events. Very turbid waters can inhibit aquatic plant growth by limiting light penetration. The suspended sediments that cause turbidity can settle and smother plant and animal life, damaging riverine habitats (Dunlop et al. 2005).

Turbidity in the lower end of the Border Rivers and the Intersecting Streams are generally high, particularly in the Paroo and Weir Rivers with median values over 600NTU. At the 90th percentile, these two rivers exceed 1,000NTU. These two sites consist of very fine sediments that are capable of being held in suspension for indefinite periods. The consequence of this is likely to inhibit in-stream aquatic plant growth and diversity.

Figure 4

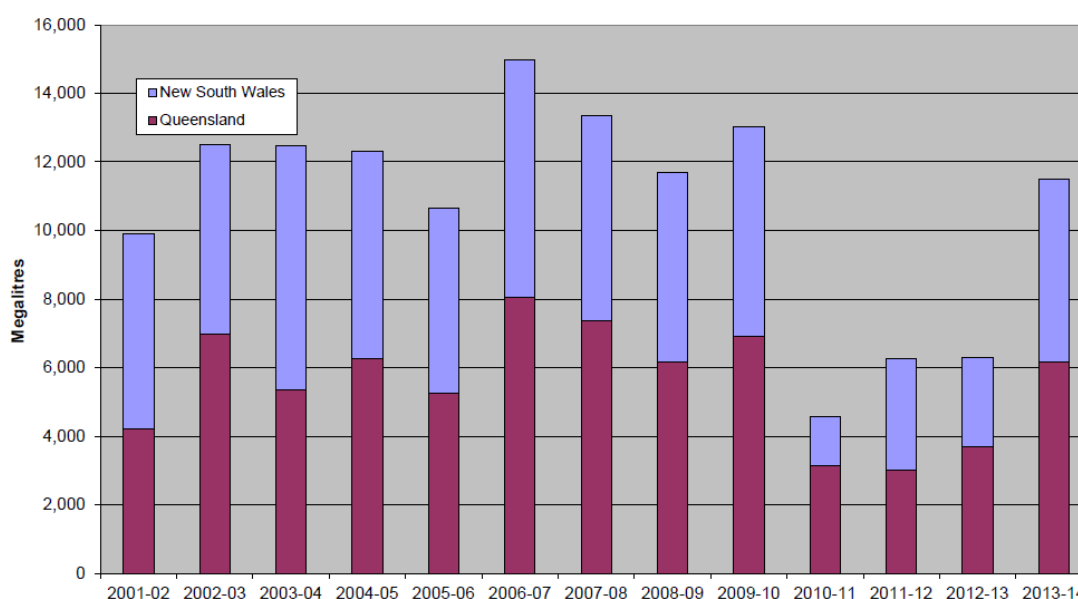
Median Electrical Conductivity 2013-14 ($\mu\text{S}/\text{cm}$)



Groundwater

During the year, irrigators in the New South Wales and Queensland sections of the Dumaresq River Groundwater Area used 5,347 megalitres and 6,165 megalitres of groundwater respectively. This represented approximately 35 per cent of entitlement for New South Wales and 43 per cent for Queensland. This level of use was higher than the previous water year for both New South Wales and Queensland as illustrated in Figure 5. The higher than average use was mainly due to continued dry weather throughout the main summer cropping season and a higher reliance on groundwater than originally planned.

Figure 5
Dumaresq River Groundwater Area Use 2001-02 to 2013-14



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

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 funding of \$165,000 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 been contracted via the Queensland Department of Natural Resources and Mines to produce the new groundwater model. Its completion and implementation is planned to be by the middle of 2015.

FUTURE DIRECTIONS

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

- ensure that the agreed water sharing arrangements are implemented
- provide funding to the states to operate and maintain the existing stream gauging and groundwater monitoring networks
- monitor water quality at sixteen sites on the Border Rivers and six sites on the Intersecting Streams and
- 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 bulk water services to two customers, the State of Queensland and the State of New South Wales.

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

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. 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 2013-14

Summary of financial results

During 2013-14, the Commission received total revenue of \$2,353,000 comprising the call-up from the states of \$2,200,000, investment revenue of \$141,000 and other revenue of \$12,000. Total expenses due to ordinary activities were \$4,540,000 which included depreciation of \$1,841,000. The Commission's net operating result for 2013-14 was a deficit of \$2,187,000.

The Commission had a cash balance of \$3,882,000 as at the 30 June 2014, which will be available to fund future works and their operations.

In line with a request from the previous year's audit, a new Financial Management Performance Manual was developed for the Commission's use.

Consultation

It was necessary during 2013-14 for the Commission to ensure close working relationships were maintained with personnel in the two state corporations engaged in managing its assets and in delivering water through the border river.

There were structured liaison arrangements in place to ensure that the Commission was regularly advised of decisions and actions undertaken through the *Border Standing Committee*

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

The Commission was not approached by water users, nor did it approach water users during 2013-14.

Arrangements for the provision of services to the Commission

Discussions continued again during 2013-14 with SunWater Limited, which provides the majority of the asset management and operation services required by the Commission about the arrangements under which it provides these services. SunWater has previously advocated that its service provider relationship with the Commission should be formalised through a contract. The Commission, not being a corporate entity, cannot enter into contracts in its own right.

SunWater agreed to provide services during 2013-14 through an exchange of letters, an arrangement that will continue for 2014-15.

External initiatives relating to water management of the Border Rivers System

During 2013-14, implementation of the Murray Darling Basin Plan was reinforced with both the New South Wales and the Queensland governments signing the Intergovernmental Agreement on Murray Darling Water Reform and the associated National Partnership Agreement. These agreements were signed by the state Premiers in February 2014.

To give further strength to each state's commitment to implementing the Basin Plan, implementation agreements were signed with the Murray Darling Basin Authority. These agreements identify roles, accountabilities and the key time based deliverables, which accord with the various obligations laid out in the Basin Plan as the various transitions occur through to 2019/20.

From the perspective of the future management of the Border Rivers system, implementation of the Basin Plan is likely to have impacts on the shape and form of the Commission's current water monitoring programs. Water monitoring program assessment and design activities will continue to be led by the Murray Darling Basin Authority during 2014/15, and will inform the extent to which the Commission may need to amend its current approaches to water monitoring.

Institutional reform investigations

A main focus of the Commission this year was on progressing potential institutional reform issues identified by the Commission and within independent consultant's reports. The Commission's initial scoping study covered examination of the statutory powers, accountabilities, obligations and rights of the Commission under its current statutory powers and the risks and constraints on the Commission's ability to manage effectively. That work identified options for reforming the legislation and associated governance of the Border Rivers water management. The Commission has agreed on a preferred pathway of reform to be recommended to the New South Wales and Queensland governments. This blueprint for change will be submitted early in 2014/15.

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 and updated for currency and scope.

Consultants

Because the Commission is not a corporate body, it is not able to enter into contracts itself. Any organisations providing services to the Commission, including consultants, are engaged on the Commission's behalf by one or other of the states' water service providers or by the relevant New South Wales or Queensland government's department. No consultants were engaged on the Commission's behalf during 2013-14.

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 Commission, its servants and the departments are covered in those arrangements with respect to any public liability claim. No claims were made during 2013-14

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 service provider, SunWater, is required to manage a best practice risk management system relating to the infrastructure, which it manages on the Commission's behalf.

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 2013-14 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 2013-14.

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 2013-14 Annual Report and 2013-14 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>.

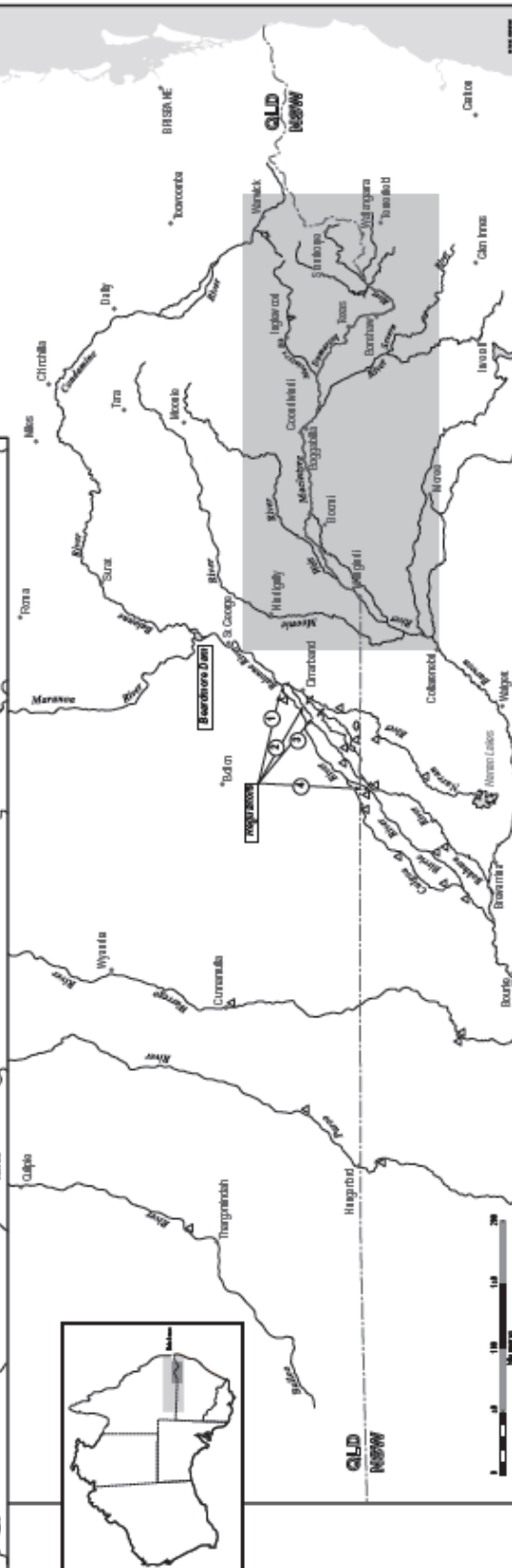
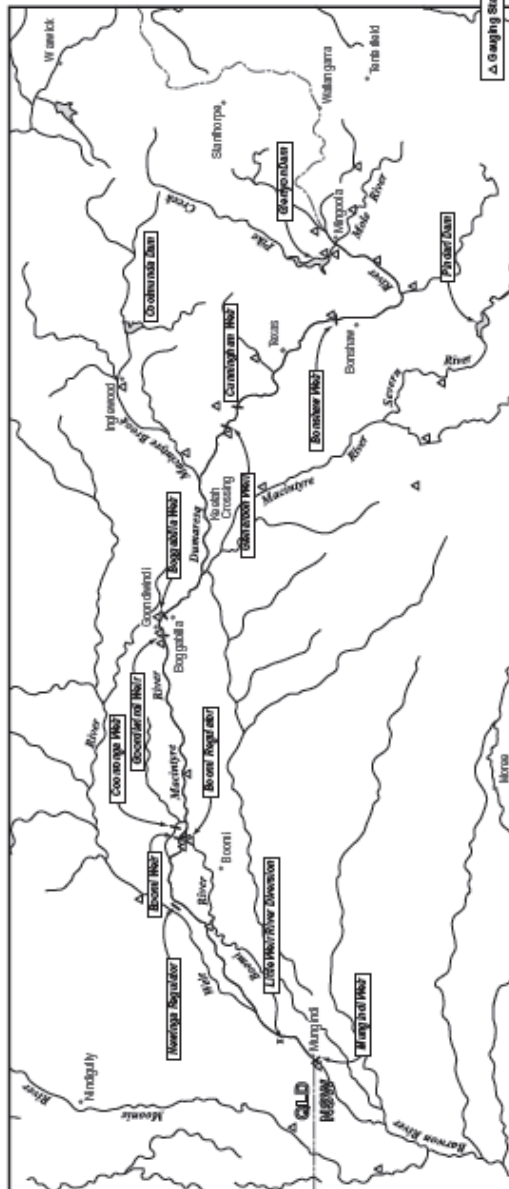
FUTURE DIRECTIONS

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 2014-15 include:

- continue dialogue with the Controlling Authorities and other relevant agencies in both states to progress the Institutional Reform process already commenced.
- ongoing development of the new Border Rivers Groundwater Model.
- completion of the Dam Break Analysis study for Glenlyon Dam.
- completion of key performance indicators for those Commission activities not likely to be subject to significant institutional reform.



DUMARESQ - BARWON BORDER RIVERS COMMISSION **OPERATIONS AREAS**



DUMARESQ-BARWON BORDER RIVERS COMMISSION

2013-2014 Financial Statements

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Statement of comprehensive income for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Income from Continuing Operations			
Grants and other contributions	2a	2,200	2,200
Interest Income	2b	141	145
Other revenue	2c	12	40
Total revenue		2,353	2,385
Expenses from Continuing Operations			
Supplies and services	3a	2,666	2,091
Depreciation	3b	1,841	1,856
Other expenses	3c	33	22
Total Expenses from Continuing Operations		4,540	3,969
Operating Result from Continuing Operations		(2,187)	(1,584)
Other comprehensive income			
Items that will not be classified subsequently to operating result:			
Increase in asset revaluation surplus	6	1,342	2,475
Total Other Comprehensive Income		1,342	2,475
Total Comprehensive Income		(845)	891
Total comprehensive income attributable to:			
Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW)		(423)	445
Department of Natural Resources and Mines(Qld)		(423)	445
Total Comprehensive Income		(845)	891

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Statement of financial position as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Assets			
Current Assets			
Cash and cash equivalents	4	3,882	4,012
Receivables	5	260	215
Total Current Assets		4,142	4,226
Non-Current Assets			
Property, plant and equipment	6	137,249	137,697
Total Non-Current Assets		137,249	137,697
Total Assets		141,391	141,923
Liabilities			
Current Liabilities			
Payables	7	1,063	750
Total Current Liabilities		1,063	750
Total Liabilities		1,063	750
Net Assets		140,328	141,173
Equity			
Accumulated funds		7,993	10,181
Asset revaluation surplus	9	132,335	130,992
Total Equity		140,328	141,173

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

**Statement of changes in equity
for the year ended 30 June 2014**

		Accumulated Funds	Asset Revaluation Surplus	Total
	Notes	\$'000	\$'000	\$'000
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		10,181	130,992	141,173
Balance at 1 July 2013		10,181	130,992	141,173
Operating Result from Continuing Operations		(2,187)	-	(2,187)
Total Other Comprehensive Income				
Increase in Asset Revaluation Surplus	6	-	1,342	1,342
Balance at 30 June 2014		7,993	132,334	140,328

The accompanying notes form part of these financial statements.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Statement of cash flows for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Cash flow from operating activities			
Inflows			
Grants and Other Contributions		2,200	2,200
Interest		141	145
Other		70	(23)
GST Collected from customers		220	220
GST input tax credits from ATO		128	33
Outflow			
Supplies and Services		(2,350)	(1,661)
Other		(33)	(22)
GST paid to Suppliers		(234)	(154)
GST Remitted to ATO		(217)	(208)
Net cash provided by operating activities	8	<u>(75)</u>	<u>530</u>
Cash flow from investing activities			
Outflow			
Payments for Property, Plant and Equipment		<u>(55)</u>	<u>(81)</u>
Net cash used in investing activities		<u>(55)</u>	<u>(81)</u>
Cash flow from financing activities			
Outflow			
Proceeds from borrowings		<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		(130)	449
Cash and cash equivalents at beginning of financial year		4,012	3,563
Cash and cash equivalents at end of financial year	4	<u><u>3,882</u></u>	<u><u>4,012</u></u>

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

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	Events occurring after Balance Date

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

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 2014, 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 for the year ended 30 June 2014

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 2014 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 2014.

(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*, AASB 13 *Fair Value Measurement* and Queensland Treasury and Trade's Non-Current Asset Policies for the Queensland Public Sector.

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

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

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

Cont'd

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

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

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

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

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

The Commission has reviewed all fair value methodologies in light of the new principles in AASB 13. Some minor adjustments were made to methodologies to take into account the more exit-oriented approach to fair value under AASB 13, as well as the availability of more observable data for certain assets (e.g. land and buildings). Such adjustments – in themselves - did not result in a material impact on the values for the affected Property Plant and Equipment classes.

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

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

Materiality concepts under AASB 1031 Materiality are considered in determining whether the difference between the carrying amount and the fair value of an asset is material.

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

(j) Maintenance

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

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(k) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Given that there are no active market participants for the infrastructure assets held by the Commission, fair value constitutes the replacement cost.

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

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

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

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

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

None of the Commission's valuations of assets or liabilities are eligible for categorisation into level 1 of the fair value hierarchy. As 2013-14 is the first year of application of AASB 13 by the Commission, there were no transfers of assets between fair value hierarchy levels during the period.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

(l) Depreciation of Property, Plant and Equipment

Land is not depreciated as it has an unlimited useful life.

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each class of asset, less its estimated residual value, progressively over its estimated useful life to the Commission. The estimates of useful life and remaining useful life for each of the Commission's assets are reviewed annually and adjusted, if necessary, based on an assessment of the condition of the assets.

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

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

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

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

(m) Impairment of Non-current Assets

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

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

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

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

(n) Payables

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

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(c) 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. 2013-14 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.

(p) 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".

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

(q) Accounting Estimates and Judgements

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

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

- Valuation of Property, Plant and Equipment - Note 6
- Contingent Liabilities - Note 11
- Depreciation - Note 6

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

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

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

(s) Taxation

The Commission was created by an agreement between the States of Queensland and New South Wales, and therefore is considered a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Commission.

(t) Issuance of Financial Statements

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

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

(u) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required. Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

(v) Financial Instruments

Recognition

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

Classification

Financial instruments are classified and measured as follows:

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

The commission does not enter transactions for speculative purposes. Apart from cash and cash equivalents, the commission holds no financial assets classified at fair value through profit and loss. The commission has no borrowings for the financial year.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the commission are included in the financial instruments note.

(w) Taxation

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

(x) New and Revised Accounting Standards

The Commission did not voluntarily change any of its accounting policies during 2013-14. The only Australian Accounting Standard changes applicable for the first time as from 2013-14 that have had a significant impact on the Commissions' financial statements are those arising from AASB 13 *Fair Value Measurement*, as explained below.

AASB 13 became effective 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 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 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 reviewed 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 assess whether those methodologies comply with AASB 13. All methodologies complied with the standard.

AASB 13 has required an increased amount of information to be disclosed in relation to fair value measurements for both assets and liabilities. For those fair value measurements of assets or liabilities that substantially are based on data that is not 'observable' (i.e. accessible outside the commission), the amount of information disclosed has increased.

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.

Notes to the financial statements for the year ended 30 June 2014

1 Summary of Significant Accounting Policies (continued)

AASB 119 *Employee Benefits* applies from reporting periods beginning on or after 1 January 2013, and is 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.

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.

(y) New and Revised Accounting Standards

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. The commission will need to include in its 2014-15 financial statements the original budgeted figures from the Income Statement, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement as published in the 2014-15 Queensland Government's Service Delivery Statements. The budgeted figures will need to be presented consistently with the corresponding (actuals) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

The following new and revised standards apply as from reporting periods beginning on or after 1 January 2014 –

- AASB 10 Consolidated Financial Statements ;
- AASB 11 Joint Arrangements ;
- AASB 12 Disclosure of Interests in Other Entities ;
- AASB 127 (revised) Separate Financial Statements ;
- AASB 128 (revised) Investments in Associates and Joint Ventures ;
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] ; and
- AASB 2013-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities .

AASB 10 redefines and clarifies the concept of control of another entity, and is the basis for determining which entities should be consolidated into an entity's financial statements. The commission has no subsidiaries therefore the amended standard will have no impact on the Commission.

AASB 11 deals with the concept of joint control and sets out new principles for determining the type of joint arrangement that exists, which in turn dictates the accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement. The commission no entities in which it shares joint control therefore the amended standard will have no impact on the Commission.

AASB 9 *Financial Instruments* and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] will become effective for reporting periods beginning on or after 1 January 2017. The main impacts of these standards on the commission are that they will change the requirements for the classification, measurement and disclosures associated with the commission's financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value. Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met. One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Commission will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2017-18. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2017-18 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Commission enters into, no significant ongoing disclosure impacts are expected. All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the commissions activities, or have no material impact on the commission.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

	2014 \$'000	2013 \$'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
	<u>2,200</u>	<u>2,200</u>
(b) Interest Income		
Interest on QTC investment	141	145
	<u>141</u>	<u>145</u>
(c) Other revenue		
Rental income	12	26
Other	-	14
	<u>12</u>	<u>40</u>
3 Expenses from Continuing Operations		
(a) Supplies and Services		
Fees for services:		
SunWater Limited (QLD)	829	916
Department of Trade and Investment, Regional Infrastructure and Services - NSW Office of Water (NSW)	768	581
Department of Natural Resources and Mines (QLD)	887	445
State Water Corporation (NSW)	160	126
Department of Energy and Water Supply (QLD)	-	1
Administrative allowances	19	19
Superannuation	2	2
Other expenses	1	1
	<u>2,666</u>	<u>2,091</u>
(b) Depreciation		
Buildings	15	15
Infrastructure	1,823	1,840
Plant and equipment	3	1
	<u>1,841</u>	<u>1,856</u>
(c) Other expenses		
Audit fee-financial statements*	14	17
Bank fees and charges	4	4
Other expenses from ordinary activities	15	2
	<u>33</u>	<u>22</u>

*The auditors received no other benefits

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

4 Cash and Cash Equivalents

	2014	2013
	\$'000	\$'000
Cash at bank and on hand	703	364
At call interest bearing investment	3,179	3,648
Closing cash and cash equivalents	3,882	4,012

Investments deposited with the Westpac Banking Corporation earned interest at rates 0.01%. (2012-13: Westpac Banking Corporation 0.01%).

Investments deposited with the Queensland Treasury Corporation capital guaranteed fund earned interest at rates between 3.27% to 4.17% . (2012-13: Queensland Treasury Corporation 3.54% to 4.49%)

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	260	215
	260	215

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

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

6 Property, Plant and Equipment

	2014 \$'000	2013 \$'000
Buildings (at valuation)	1,125	1,114
less: accumulated depreciation	(371)	(356)
	<u>754</u>	<u>758</u>
Water infrastructure systems (at valuation)	194,952	193,620
less: accumulated depreciation	(60,078)	(58,255)
	<u>134,874</u>	<u>135,365</u>
Land (at Cost)	-	81
Land (at valuation)	1,569	1,488
	<u>1,569</u>	<u>1,569</u>
Plant and equipment (at cost)	54	23
less: accumulated depreciation	(2)	(19)
	<u>52</u>	<u>4</u>
Total property, plant and equipment	<u>137,249</u>	<u>137,697</u>

Property, Plant and Equipment Reconciliation

	Buildings 2013 \$'000	Water Infrastructure Systems 2013 \$'000	Land 2013 \$'000	Plant and Equipment 2013 \$'000	Total 2013 \$'000
Carrying amount at 1 July 2012	763	134,646	1,676	5	137,090
Revaluation increments (decrements)	10	2,654	(188)	-	2,475
Depreciation	(15)	(1,840)	-	(1)	(1,856)
Addition	-	-	81	-	81
Disposals	-	(95)	-	-	(95)
Net carrying amount at 30 June 2013	<u>758</u>	<u>135,365</u>	<u>1,569</u>	<u>4</u>	<u>137,695</u>
	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000	2014 \$'000
Carrying amount at 1 July 2013	758	135,365	1,569	4	137,695
Revaluation increments (decrements)	10	1,332	-	-	1,342
Depreciation	(14)	(1,823)	-	(4)	(1,841)
Addition	-	-	-	56	56
Disposals	-	-	-	(4)	(4)
Net carrying amount at 30 June 2014	<u>754</u>	<u>134,874</u>	<u>1,569</u>	<u>52</u>	<u>137,249</u>

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 2014 to ensure such values materially reflect fair value as at reporting date. Management has assessed the indices (buildings 1.01-1.02, water infrastructure systems 1.01) provided by SVS as appropriate for the Commission and have endorsed the use of the indices.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements

6 Property, Plant and Equipment (cont.)

Categorisation of fair values recognised as at 30 June 2014.

	Level 2	Level 3	Total
	\$'000	\$'000	\$'000
Land	-	1,569	1569
Buildings	754	-	754
Infrastructure	-	134,874	134874

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

	Land \$'000	Infrastructure \$'000	Total \$'000
Carrying amount at 1 July 2013	1,569	135,365	136,934
Acquisitions	-	-	-
Disposals	-	-	-
Revaluation increments/(decrements)	-	1,332	1,332
Impairment losses recognised in operating surplus/(deficit)*	-	-	-
Depreciation/amortisation	-	(1,823)	(1,823)
Carrying amount at 30 June 2014	1,569	134,874	136,443

Level 3 significant valuation inputs and relationship to fair value

Description	Fair value at 30 June 2014 \$'000	Type and amount for significant level 3 inputs	Possible alternative amounts for significant level 3 inputs	Impact of alternative amounts for significant level 3 inputs
Land	1,569	Valuer's judgement and allowance for restrictions recognised by the market	0%-10% \$0.02M - \$0.157M	Increase/decrease in the unobservable inputs allowances would increase/decrease the fair value
Infrastructure	134,874	Condition rating / remaining useful life	1% - 5% \$1.36M - \$6.8M	Increase/decrease in condition rating / useful life would increase/decrease the fair value

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

7 Payables

	2014 \$'000	2013 \$'000
Accrued expenditure	1,039	729
Accrued audit fees	15	15
Employee entitlements	9	6
	<u>1,063</u>	<u>750</u>

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

	2014 \$'000	2013 \$'000
Operating result	(2,187)	(1,584)
Depreciation	1,841	1,856
Write off of assets	3	95
(Increase) Decrease in receivable	(45)	(172)
(Decrease)/Increase in payable	313	335
Net cash provided by operating activities	<u>(75)</u>	<u>530</u>

9 Asset Revaluation Surplus by Class

Land		
Balance as at 1 July 2013	616	804
Revaluation increments / (decrements)	-	(188)
Balance as at 30 June 2014	<u>616</u>	<u>616</u>
Buildings		
Balance as at 1 July 2013	1,016	1,006
Revaluation increments / (decrements)	10	10
Balance as at 30 June 2014	<u>1,026</u>	<u>1,016</u>
Infrastructure		
Balance as at 1 July 2013	129,361	126,707
Revaluation increments / (decrements)	1,332	2,654
Balance as at 30 June 2014	<u>130,693</u>	<u>129,361</u>
Total	<u>132,335</u>	<u>130,993</u>

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

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 2013-14. Further information on these positions can be found in the body of the Annual Report under the section relating to the Commission.

Position	Responsibilities	Current Incumbents	
		Appointment Authority	Date appointed to position (Date ceased in position)
Chair of the Commission	<ul style="list-style-type: none"> Determine the quantities of water available to the states, under the agreed water sharing arrangements, from the Border Rivers and from the shared dams and weirs Control the construction, operation and maintenance of works taken over or constructed by the Commission under the Agreement Investigate matters to enable the Commission to exercise the powers and discharge the duties conferred upon it by the Agreement Report and make recommendations to the governments of New South Wales and Queensland regarding the construction of works, sharing the waters of the Intersecting Streams, sharing groundwater and other matters Arrange for river flows and groundwater levels to be effectively monitored. 	Premiers of Queensland and New South Wales	19 June 2012
Commissioner representing Queensland		Order in Council	9 February 2012
Commissioner representing New South Wales		Order in Council	Vacant
Deputy Commissioner representing Queensland		Order in Council	13 June 2013
Deputy Commissioner representing New South Wales		Order in Council	23 July 2008
Secretary	• Executive support to the Commission	Resolution of Commission	23 November 2011
Accountant	• Accounting support to the Commission	Resolution of Commission	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.

2013-14

Position	Short Term		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chair of the Commission	19	-	-	2	-	21

2012-13

Position	Short Term		Long Term Employee Benefits	Post Employment Benefits	Termination Benefits	Total Remuneration
	Base	Non-Monetary Benefits				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Chair of the Commission	19	-	-	2	-	21

Remuneration expenses for key management personnel comprises the following components

Short term employee expenses which include:

Salaries and allowances earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

11 Contingent Liabilities

	2014	2013
Number of cases	1	1

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

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

12 Financial Instruments

The Commission has the following categories

(a) Financial instrument categories

Financial Assets

	Note	Category	Carrying Amount 2014 \$'000	Carrying Amount 2013 \$'000
Class:				
Cash and cash equivalents	4	N/A	3,882	4,012
			<u>3,882</u>	<u>4,012</u>

Financial Liabilities

	Note	Category	Carrying Amount 2014 \$'000	Carrying Amount 2013 \$'000
Class:				
Payables	7	Financial liabilities measured at amortised cost	1,063	750
			<u>1,063</u>	<u>750</u>

(b) Financial Risk Management

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

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

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

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

(c) Credit risk

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

Cash

Cash comprises bank balances and QTC investments. 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 2014.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

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 undiscounted cash flows relating to the liabilities at reporting date.

	Note	Maturity Dates			Total \$'000
		1 year or less \$'000	1 to 5 years \$'000	Greater than 5 years \$'000	
30 June 2014					
Payables	7	1,063	-	-	1,063
		1,063	-	-	1,063
30 June 2013					
Payables	7	750	-	-	750
		750	-	-	750

(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.

DUMARESQ-BARWON BORDER RIVERS COMMISSION

Notes to the financial statements for the year ended 30 June 2014

12 Financial Instruments (continued)

(e) Market Risk (continued)

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 Queensland 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 2013-14. The Commission's exposure to interest rate risk is set out below.

	Carrying Amount \$'000	-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
2014					
Financial assets					
Cash and cash equivalents	3,882	(39)	(39)	39	39
Financial liabilities					
Payables	1,063	-	-	-	-
2013					
Financial assets					
Cash and cash equivalents	4,012	(40)	(40)	40	40
Financial liabilities					
Payables	750	-	-	-	-

13 Commitments for Expenditure

There are no other commitments for expenditure in 2014-15 or beyond.

14 After Balance Date Events

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

End of audited financial statements



CERTIFICATE OF THE DUMARESQ-BARWON BORDER RIVERS COMMISSION

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

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Dumaresq-Barwon Border Rivers Commission for the financial period ended 30 June 2014 and of the financial position of the Commission at the end of that year.
- c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Mr Warren Martin
Chairman

Dated: 21 August 2014

Mr Paul Sanders
A/Commissioner representing Queensland

Dated: 21 August 2014

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 2014, 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 Acting Commissioner representing Queensland.

The Commissioners' Responsibility for the Financial Report

The Commissioners are responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Commissioners' responsibility also includes such internal control as the Commissioners 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 2013 to 30 June 2014 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 the 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