

Dumaresq-Barwon Border Rivers Commission

Annual Report 2005-06



To their Excellencies the Governors of the State of New South Wales and the State of Queensland.
In accordance with the provisions of Clause 15(c) of the New South Wales-Queensland Border Rivers Agreement, the Dumaresq-Barwon Border Rivers Commission has the honour to present its report for the year ended 30 June 2006.

Cover photo: River Gum on lagoon at Goondiwindi Botanic Garden of the Western Woodland.



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

The Honourable Kerry Shine, MP
Minister for Natural Resources and Water
PO Box 15456
City East Q 4002

Dear Mr Shine

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Agreement, I have pleasure in enclosing, for presentation to the Parliament, the Annual Report of the Dumaresq-Barwon Border Rivers Commission for the year ended 30 June 2006.

Yours sincerely

Michael Montefiore
Chair



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

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

Dear Mr Macdonald

Pursuant to the provisions of the New South Wales-Queensland Border Rivers Agreement, I have pleasure in enclosing, for presentation to the Parliament, the Annual Report of the Dumaresq-Barwon Border Rivers Commission for the year ended 30 June 2006.

Yours sincerely

Michael Montefiore
Chair



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The Dumaresq-Barwon Border Rivers Commission is an unincorporated statutory authority in both Queensland and New South Wales constituted under the New South Wales-Queensland Border Rivers Agreement made in November 1946 and 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 agreement 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 water infrastructure in Queensland, the Commission is also a registered water service provider under the Queensland Water Act 2000.

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

2005-06 at a glance

Asset operations

- State Water and SunWater continued to manage river operations along the Border Rivers on the Commission's behalf.
- No significant shortfalls in supply of regulated water to the states or the states' individual customers were experienced.

Asset maintenance

- Refurbishment of the Glenlyon Dam township water supply rising main was completed.
- A number of non-routine maintenance tasks were undertaken to address workplace health and safety issues.

Asset management

- A comprehensive Asset Management Plan was developed for the Commission's assets including updated estimates of the renewals annuity required to provide for major maintenance and refurbishment of the Commission's assets.
- Boggabilla Weir was surveyed to monitor movement of downstream bed and bank protection works.
- A major revaluation of all the Commission's non-current physical assets register was completed.
- The Commission's Strategic Asset Management Plan was audited by an external auditor.

Hydrology

- The hydrology for Glenlyon Dam was reassessed using the Revised Generalised Tropical Storm Method (GTSMR) Probable Maximum Precipitation (PMP) estimates.
- Reviews of the Dambreak Study and Failure Impact Assessment for Glenlyon Dam were commenced based on the new hydrology.

Dam safety

- The Five-Year Dam Safety Surveillance Inspection conducted at Glenlyon Dam did not identify any significant shortcomings.
- The Glenlyon Dam Operations and Maintenance Manual was developed.
- The Department of Natural Resources, Mines and Water issued statutory dam safety conditions for Glenlyon Dam to the Commission.
- A program of work was commenced to review and update the Glenlyon Dam documentation as required under the new dam safety conditions.

Environmental management

- No untoward changes in ambient water quality parameters were observed at either Glenlyon Dam or the rivers and streams of the Border catchments.
- A blue-green algal response strategy was developed for the Border Rivers weirs.

Water sharing

- Proposed new rules developed by the states for sharing unregulated tributary inflow to the Border Rivers were implemented on a trial basis.
- 107,827 and 28,482 megalitres of regulated water were diverted from the Border Rivers by New South Wales and Queensland water users respectively.
- 22,122 and 28,480 megalitres of unregulated water were diverted from the Border Rivers by New South Wales and Queensland water users respectively.
- 5,377 and 5,260 megalitres of groundwater were extracted from New South Wales and Queensland sections of the Dumaresq River Groundwater Area respectively.

Irrigated production

- 50,300 hectares of crops were irrigated from Border Rivers during the year of which 44,700 hectares was cotton.
- Average cotton crop yields in the vicinity of 9-10 bales/hectare were achieved by irrigators.

Institutional reform investigations

- The review of the institutional reform options continued, including the identification and financial modelling of alternative commercial arrangements.
- Agreement has not yet been reached between the States on the preferred new suite of institutional arrangements.

Financial

- The net operating result for 2005-06 was (\$176,933).

Chair's report

The Border Rivers continued to suffer severe drought conditions in 2005-06. Below average rainfall and streamflows meant continued low storage levels and limited water available to the States. To compound the problem, the Border Rivers irrigators commenced the year with relatively low levels of water held in private on-farm storages and only enjoyed a very limited opportunity to replenish those on-farm storages during the year.

The area of irrigated crops grown along the Border Rivers was down on the previous year. In 2004-05 the total area of irrigated crops grown along the Border Rivers was 63,200 hectares. This year the total area was 50,300 hectares. Cotton is still the primary irrigated crop grown in the area. Due to the limited supplies of water available, the area of irrigated cotton along the Border Rivers was down from 54,900 hectares in 2004-05 to 44,700 hectares in 2005-06.

At the close of the year Glenlyon Dam was storing 71,050 megalitres which represents approximately 28 percent of its total volume. The other dams in the catchment fared better with Pindai Dam storing approximately 66 percent at the end of June 2006 and Coolmunda Dam at approximately 59 percent. Whilst it is pleasing to see some water in the state-owned storages, due to the very low level of water held in private on-farm storages at the end of 2005-06 the prospects for 2006-07 are not looking good. We all are hoping for some good runoff causing rainfall before, say, September or October 2006.

Institutional reform remains a major challenge for the Commission and its constituents. Almost two years ago the then Ministers, the Hon, Stephen Robertson and Craig Knowles asked the Commission to review the current institutional arrangements and recommend the preferred arrangements for asset ownership and operation in the Border Rivers.

The Commission has undertaken considerable work on this review to identify and evaluate options for reform including consultation with stakeholders. However, as 2006 progressed it became apparent that there was not a consensus about the extent of reform required.

I believe that before finalising our investigations we need to look closely at the entity that is the Commission and consider how well it is equipped to operate in the new environment created when the states divested their responsibility for the ownership and management of state-owned water infrastructure to their respective government-owned corporate water service providers. The challenge for the Commission will be to encourage the states to become fully engaged in this discussion and to work together at a high level to agree on institutional arrangements in the Border Rivers that will be acceptable to both states for the decades to come.

During the year the Commission received total revenue of \$2,258,712 comprising the 2006-07 call-up from the states of \$2,100,000, interest of \$139,751 and miscellaneous income of \$18,961. Total expenses from ordinary activities was \$2,435,645 which included depreciation of \$599,617. The Commission's net operating result for 2005-06 was (\$176,933).

The Commission is cognisant of the need for it to review the capacity of the spillway at Glenlyon Dam in accordance with the proposed Guidelines for the Acceptable Spillway Capacity for Dams in Queensland which are currently being prepared by the Queensland Department of Natural Resources, Mines and Water. To put itself in a position where it will be able to review the required capacity for Glenlyon Dam as soon as the guidelines are completed, the Commission arranged for the hydrology for Glenlyon Dam to be reassessed based on the recently revised methods of estimating Probable Maximum Precipitation.

In addition, work was commenced on the Commission's behalf late in the year to update both the Dambreak Study and the Failure Impact Assessment for Glenlyon Dam based on the new hydrology. When it is completed that work will provide information required for the reassessment of the required spillway capacity as well as providing important information about downstream flooding in the event of a failure which will be used to update the inundation mapping in the Commission's Emergency Action Plan for Glenlyon Dam.

A particularly significant event for the Commission in 2005-06 was the receipt of the statutory dam safety conditions for Glenlyon Dam from the Queensland Department of Natural Resources, Mines and Water. Dam safety is a major focus for the Commission and we have now developed a structured program to ensure that we are able to meet the requirement of the dam safety conditions as applied by the regulator. To meet the first of those requirements work was in hand at the close of the year to review and update the Glenlyon Dam Data Book, the Standing Operating Procedures and the Emergency Action Plan and to undertake the Annual Dam Safety Inspection.

2006-07 will see significant changes to the faces around the table at Commission meetings. The commissioner and deputy commissioner representing Queensland will be replaced by others to represent their state following the expiration of both their terms on 30 June 2006. Similarly a new commissioner will be appointed to represent New South Wales following the resignation of their commissioner at the end of 2005-06. As they leave the Commission I wish to acknowledge the significant and valuable contribution that Greg Claydon, Randall Hart and Seamus Parker have made to the Commission over quite a number of years and thank them most sincerely on the Commission's behalf.

In addition to these personnel changes, my own term will expire at the end of March 2007.

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

Michael Montefiore

A handwritten signature in black ink, appearing to be 'M. Montefiore', written in a cursive style.

Chair

The Commission

Purpose

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

- sharing the waters of the rivers and streams which either form or intersect the boundary between the two states and the associated groundwater resources
- investigating, constructing, operating and maintaining works to conserve and regulate those waters where considered desirable.

Constitution

The Dumaresq-Barwon Border Rivers Commission was constituted by an agreement made in 1946 between the New South Wales and Queensland governments. The agreement was ratified in New South Wales by the New South Wales-Queensland Border Rivers Act 1947 and in Queensland by the New South Wales-Queensland Border Rivers Act 1946. The agreement, known as the New South Wales-Queensland Border Rivers Agreement, is contained in the schedule to each state's Border Rivers Act.

Operational area

The Commission's operational area of responsibility includes:

- Glenlyon Dam on Pike Creek in Queensland
- the 'Border Rivers' which include 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, Paroo and Bulloo 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.

Duties and functions

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

- determine the anticipated quantity of water available each year from the Border Rivers and from the dams and weirs controlled by the Commission and notify the states of the portion of that water they may divert and use
- control the construction, operation and maintenance of works taken over or constructed by the Commission under the Agreement i.e. Glenlyon Dam and Boggabilla Weir as well as other weirs and regulators on the Border Rivers and Intersecting Streams
- undertake investigations considered necessary by the Commission to enable it to exercise the powers and discharge the duties conferred upon it by the Agreement
- report and make recommendations from time to time to the governments of New South Wales and Queensland regarding the sharing of the waters of the Intersecting Streams, the sharing of groundwater and other matters set out in the agreement
- investigate the practicability of constructing, maintaining and operating additional storages
- arrange for the construction, operation and maintenance of gauging stations to record the flow in the Dumaresq River at Mingoola and at such other places as deemed necessary by the Commission
- arrange for the construction, maintenance, operation and control of an effective system of monitoring groundwater.

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

Membership

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

During 2005-06 the Commissioners were:

- **Mr M (Michael) Montefiore**
Commissioner and Chair of the Commission
Appointed to the position for the period from 25 September 2002 to, and including, 31 March 2007.
Mr Montefiore is a commercial infrastructure specialist.



- **Mr G K (Greg) Claydon**
Commissioner representing Queensland
Appointed to the position for the period from 28 March 2002 to, and including, 30 June 2006. During 2005-06, Mr Claydon was General Manager, Water Planning in the Queensland Department of Natural Resources, Mines and Water.



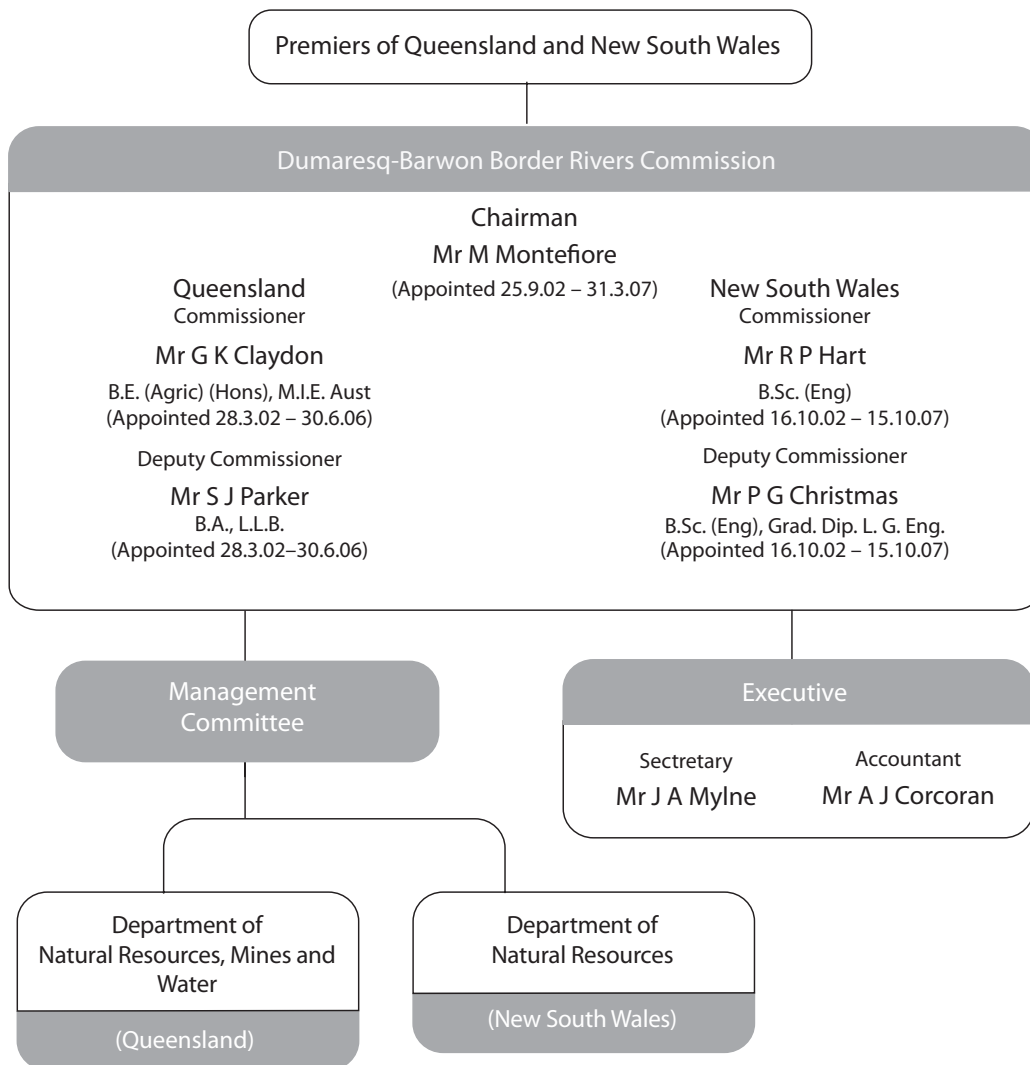
- **Mr R P (Randall) Hart**
Commissioner representing New South Wales
Appointed to the position for a five-year term from 16 October 2002. During 2005-06, Mr Hart was the Regional Director, Barwon Region in the New South Wales Department of Natural Resources.



During 2005-06 the Deputy Commissioners were:

- **Mr S J (Seamus) Parker - Deputy Commissioner representing Queensland**
Appointed to the position for the period from 28 March 2002 to, and including, 30 June 2006. During the majority of 2005-06, Mr Parker was Director, Water Reform in the Queensland Department of Natural Resources, Mines and Water.
- **Mr P G (Peter) Christmas - Deputy Commissioner representing New South Wales**
Appointed to the position for a five-year term from 16 October 2002. During 2005-06, Mr Christmas was Manager, Water Management, Access and Compliance, Barwon Region in the New South Wales Department of Natural Resources.

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



Meetings

The Commission met on two occasions during the year. Meeting No 164 of the Commission was held 6 October 2005 at Glenlyon Dam and Meeting No 165 of the Commission was held 6 April 2006 in Sydney. Commissioners Montefiore, Claydon and Hart and Deputy Commissioners Christmas and Parker attended both meetings held during the year. The Commissioners also met on a number of other occasions during the year either in face-to-face meetings or by teleconference, to discuss specific items of business.

Access

Access to the Commission is through the secretary, Mr Jim Mylne, who can be contacted c/- Department of Natural Resources, Mines and Water, PO Box 319, Toowoomba Qld 4350 or on 074688 1010 during normal business hours.

Management committee

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

During 2005-06 the management committee consisted of Mr P G (Peter) Christmas and Mr D M (Derek) Everson of the New South Wales Department of Natural Resources and Mr R W (Ross) Krebs and Mr P T (Paul) Mills of the Queensland Department of Natural Resources, Mines and Water. The chair of the committee is rotated between the states at two yearly intervals. Paul Mills was chair of the management committee during the year.

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

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

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

Currently State Water and SunWater, under contract to the Queensland Department of Natural Resources, Mines and Water, jointly carry out the Commission's responsibility, on its behalf, to control the releases from Glenlyon Dam and to regulate the flows along the Border Rivers under an informal agreement with the Commission made more than 20 years ago.



Boomi Weir

Details of the key features of the infrastructure controlled by the Commission can be found in its report titled *Annual Statistics 2005-06*.

Achievements during 2005-06

Dam safety

During the year the Queensland Department of Natural Resources, Mines and Water issued the Commission with the dam safety conditions for Glenlyon Dam. Dam safety is a major focus for the Commission and the new dam safety conditions have provided the Commission with a structured program for undertaking dam safety inspections and reviewing and updating the documentation for the dam.

At the end of the year the Commission had commenced a program of work to meet the deadlines specified in the dam safety conditions to review and update the Glenlyon Dam Data Book, Standing Operating Procedures and Emergency Action Plan and to undertake the Annual Dam Safety Inspection at Glenlyon Dam. To enable the inundation mapping in the Emergency Action Plan to be updated, it has been necessary for the Commission to arrange for the Dambreak Analysis to be reassessed taking into account the revised hydrology.

Earlier in the year SunWater Engineering Services undertook the 5-Year Surveillance Inspection at Glenlyon Dam. No untoward findings were made. The engineers, however, did make a number of recommendations to the Commission. The Commission anticipates that it will have attended to the majority of the recommendations arising from the surveillance inspection by the end of the 2006-07 financial year.

Revised Glenlyon Dam hydrology

Following recent changes made to the methods used for estimating probable precipitation and the resulting design floods, the Commission has had the hydrology for Glenlyon Dam reassessed using the Revised Generalised Tropical Storm Method (GTSMR) Probable Maximum Precipitation (PMP) estimates. The outcome of the reassessment was that the Probable Maximum Flood (PMF) that produces the critical outflow is now estimated to have a peak inflow of 19,400 m³/sec. The most recent study prior to the 2005 study was done in 1986. In that study the critical PMF inflow had been estimated to be 10,500 m³/sec. The full impact of the revised hydrology will be known once the Guidelines for the Acceptable Flood Capacity for Dams in Queensland have been completed and the Commission has completed a review of the spillway capacity required at Glenlyon Dam under those new guidelines. Current indications are that the spillway capacity at Glenlyon Dam may need to be increased by approximately 100 percent.



Glenlyon Dam

Water service provider obligations

In accordance with the Commission's obligations as a registered water service provider under the Queensland Water Act 2000, the Commission arranged for its Strategic Asset Management Plan (SAMP) to be audited prior to the end of June 2006. The auditor reported favourably with respect to the Commission's asset management processes and its SAMP although six specific system improvements were recommended. Early in 2006-07 the Commission will consider a SAMP Audit Implementation Plan containing recommendations to implement the system improvements recommended by the auditor.

Operation and maintenance

The major maintenance task undertaken during the year by the Commission was the replacement of the rising main at Glenlyon Dam supplying town water to the township. The old galvanized steel piping has now been replaced with ductile iron cement lined piping eliminating the need for significant ongoing maintenance.

Other non-routine maintenance tasks were undertaken to address workplace health and safety issues and, in one case, to remove asbestos materials from the site.

Asset management

Engineering consultants GHD undertook work to develop a comprehensive Asset Management Plan for the Commission. The plan has provided the Commission with a sound basis on which to plan for the major maintenance and renewal of its assets over the long term and to ensure that funding is available to carry-out those works when required.

The advice that GHD provided in relation to the significant increase in the replacement value of the Commission's assets was confirmed by the outcome of the major revaluation of the Commission's assets completed just prior to the end of the financial year. The engineers undertaking the revaluation concluded that the replacement value of the Commission's assets has increased from approximately \$69.0m in 2001 to \$90.6m in 2006.

Public access & 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 whilst the caravan park and camping area, operated by private lessees, provided for those wishing to stay for longer. About 56,000 people visited Glenlyon Dam during the year.

The local fish stocking group released more than 141,000 fingerlings into the Glenlyon Dam during the year. The fingerlings released included about 122,000 yellowbelly, 10,000 silver perch and 9,000 cod.

Future directions

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

- Work to upgrade of the water treatment plant at the Glenlyon Dam township to meet Australian Drinking Water Guidelines
- Installation of a mechanized gate on the bifurcation weir at Whyenbah on the Culgoa River to address workplace health and safety issues associated with having to insert drop boards during a flow over the weir.
- Implementation of the newly developed O&M manual at Glenlyon Dam
- Development of a formalised asset condition monitoring and asset management system
- Investigation and planning for the major refurbishment of the electrical services at Glenlyon Dam

- A major maintenance and refurbishment program to address the recommendations arising from the 5-Year Glenlyon Dam Surveillance Inspection
- A study to reassess the required Glenlyon Dam spillway capacity under the proposed new guidelines currently being prepared by the regulator in Queensland
- Development and implementation of a SAMP Audit Implementation Plan to address the recommended system improvements
- Development of a Drought Management Plan for the Commission under the provisions of the Queensland *Water Act 2000*
- Implementation of formal contractual arrangements between the Commission and its major contractor, SunWater, as well as other contracted service providers.

The water resources

Objectives

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

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

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

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

Strategic focus

The New South Wales-Queensland Border Rivers Agreement made in 1946 between the New South Wales and Queensland governments sets out the agreed arrangements for sharing the waters of the Border Rivers between the states. It is the Commission's responsibility to oversee the sharing of the waters of the Border Rivers between the states in accordance with that agreement. Following the construction of Glenlyon Dam it was necessary for the states to agree to operational sharing arrangements to make it practical for the Commission to implement the water sharing provisions of the 1946 Agreement. Details of the current arrangements for sharing the water resources of the Border Rivers are contained in the Commission's Border Rivers Bulk Water Sharing Plan.

In the 1970's the Commission constructed eight weirs on streams in the Culgoa-Balonne Minor distributary system to better distribute small flows down those streams and to improve the supply of stock and domestic water. The structures, known as the bifurcation weirs, are particularly effective in distributing the compensation flows which Queensland releases through Beardmore Dam on the Balonne River near St George.

In addition to overseeing the water sharing arrangements, the Commission is responsible for ensuring that effective and uniform systems are in place to monitor and record river flows in the Border Rivers and Intersecting Streams and to monitor and record groundwater levels in the alluvial aquifers associated with the Dumaresq River. The cost of this work is borne by the Commission, however, the actual construction, operation and maintenance of these systems is carried out by the Controlling Authorities of New South Wales and Queensland as defined in the Agreement. The data obtained from these monitoring systems is vital for the successful regulation of the Border Rivers and provides essential information to support water resource planning and management in all the border catchments.

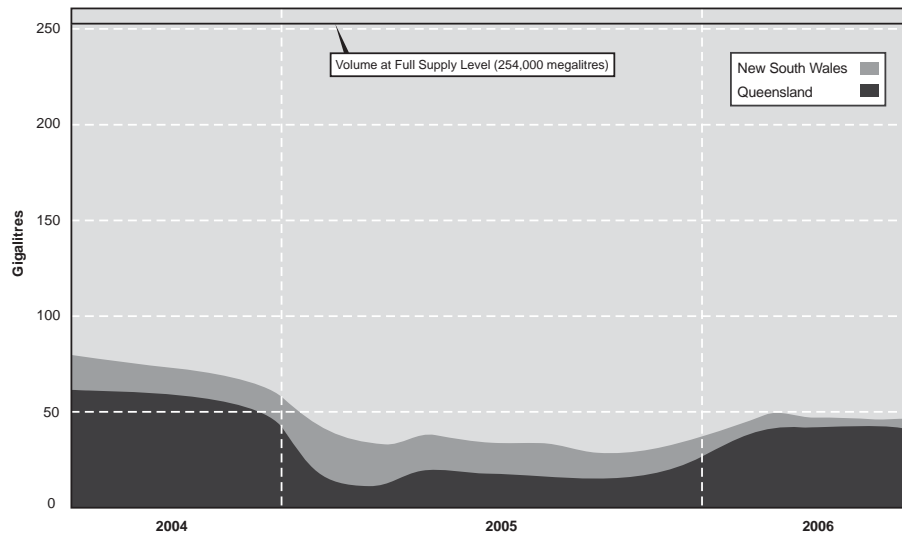
Whilst it is not a statutory requirement under the Border Rivers Agreement, the states have requested the Commission to arrange a coordinated program of water quality monitoring in both the Border Rivers and the Intersecting Streams to obtain an ongoing record of key water quality indicators and to identify any emerging water quality problems. The Controlling Authority in New South Wales, now the Department of Natural Resources, undertakes these water quality monitoring programs, on the Commission's behalf. The full cost of the program is borne by the Commission.

Achievements during 2005-06

Water sharing

Resource assessments were regularly and promptly carried out by the Commission at least once per month, and more often when required, to share the available water resources of the Border Rivers catchment between the states in accordance with the Border Rivers Bulk Water Sharing Plan. During the year a total of 99,340 and 34,330 megalitres of regulated water were distributed to the New South Wales and Queensland bulk general use accounts respectively for use by the states' water users along the Border Rivers.

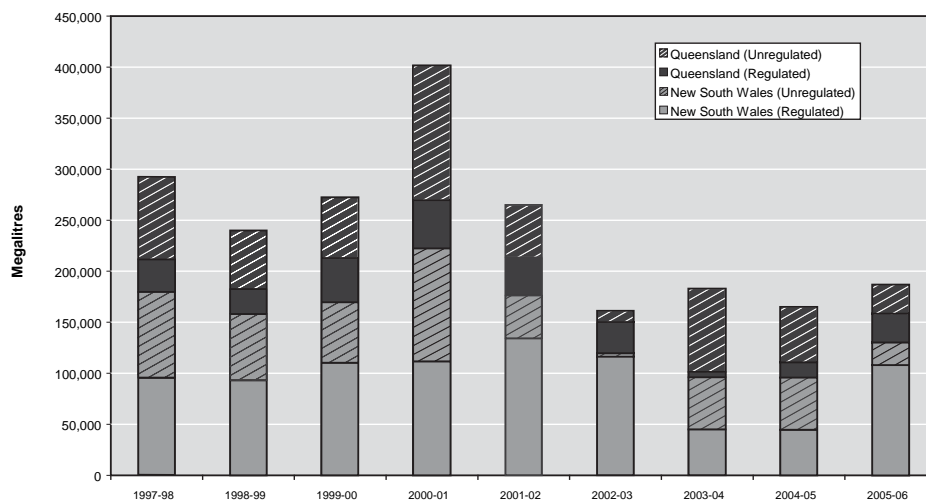
Glenlyon Dam
Storage Performance and New South Wales - Queensland Water Shares



Quantities of regulated water diverted were up on the previous year with New South Wales water users diverting 107,827 megalitres and Queensland water users diverting 28,482 megalitres.

Water users were granted three relatively brief opportunities to pump supplementary water (NSW) or to waterharvest (Qld) from the Border Rivers during the year. Those opportunities occurred in July 2005, December 2005 and February 2006. In total the opportunity granted to irrigators was 6 days pumping in Queensland and 18% of allocation in New South Wales. Quantities of unregulated water diverted were relatively low with New South Wales water users diverting 22,122 megalitres and Queensland water users diverting 28,480 megalitres.

Border Rivers Water Use History
Regulated and Unregulated 1997-08 to 2005-06



As indicated clearly by the chart showing the water use history in the Border Rivers over the last nine years total water use from the Border Rivers is still well down as a result of the limited water availability due to the protracted drought conditions.

Trial new water sharing rules

The proposed new rules developed by the states for sharing unregulated flows in the Border Rivers were implemented by the Commission on a trial basis as from 17 October 2005. Despite the limited opportunities to permit access to unregulated flows since implementation of the trial rules, a number of concerns and issues were identified. It is anticipated that amendments will be made to the proposed new rules which will then be trialled again during 2006-07.

Beardmore Dam compensation releases

Three separate compensation releases were made from Beardmore Dam during the year. In July and early August 2005 a total of 18,260 megalitres was released which replenished stock and domestic water supplies through to the border. A second larger compensation release commenced on 2 November 2005 and continued through to mid January 2006.

During that period 37,050 megalitres of compensation water was released including 1,950 megalitres temporarily transferred from allocation holders. On this occasion the flow in the Culgoa River reached the Barwon River in New South Wales and the flow in the Narran, Birrie and Bokhara Rivers very nearly reached the end of those streams.

In March 2006 a further 8,450 ML of compensation water was released from Beardmore over an 18 day period replenishing, once again, the water supplies in the upper section of the distributary system.

Stream gauging

The New South Wales Department of Natural Resources and the Queensland Department of Natural Resources, Mines and Water continued to operate and maintain a network of 48 river gauging stations including 25 gauging stations in the Border Rivers catchment and a further 23 gauging stations on the Intersecting Streams to the west of Mungindi, on the Commission's behalf.

The instrumentation on the 10 Border Rivers stream gauging stations operated and maintained by Queensland were upgraded to Campbell loggers during the year. The upgrade will significantly improve the process used to upload river flow data into the river operations system used by the river operators at Goondiwindi as it will now be possible for both the New South Wales and Queensland operations gauging stations to be downloaded automatically by one system.



Macintyre River at Goondiwindi

Water quality monitoring

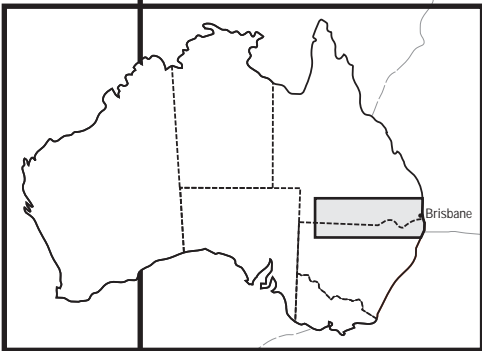
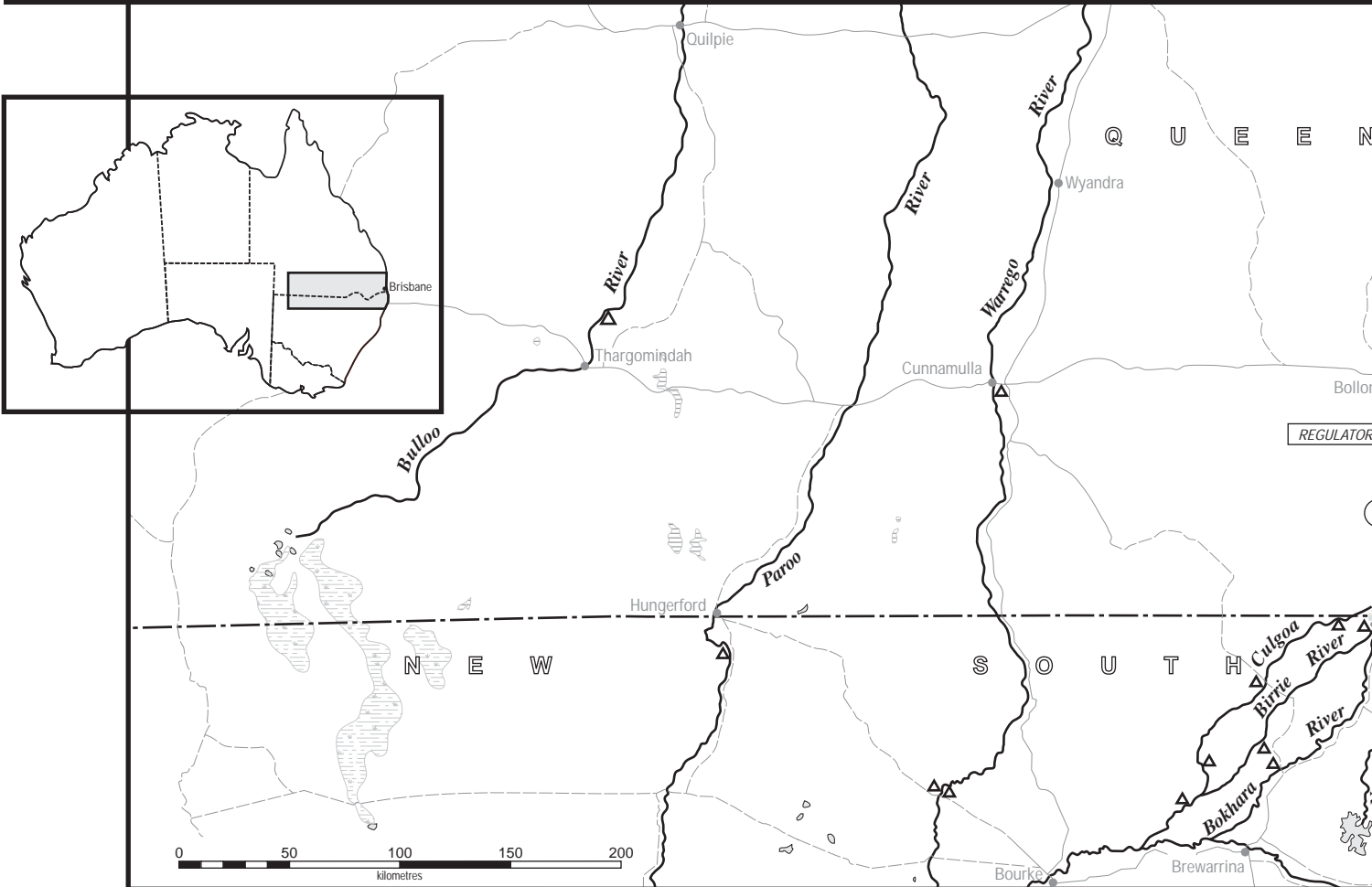
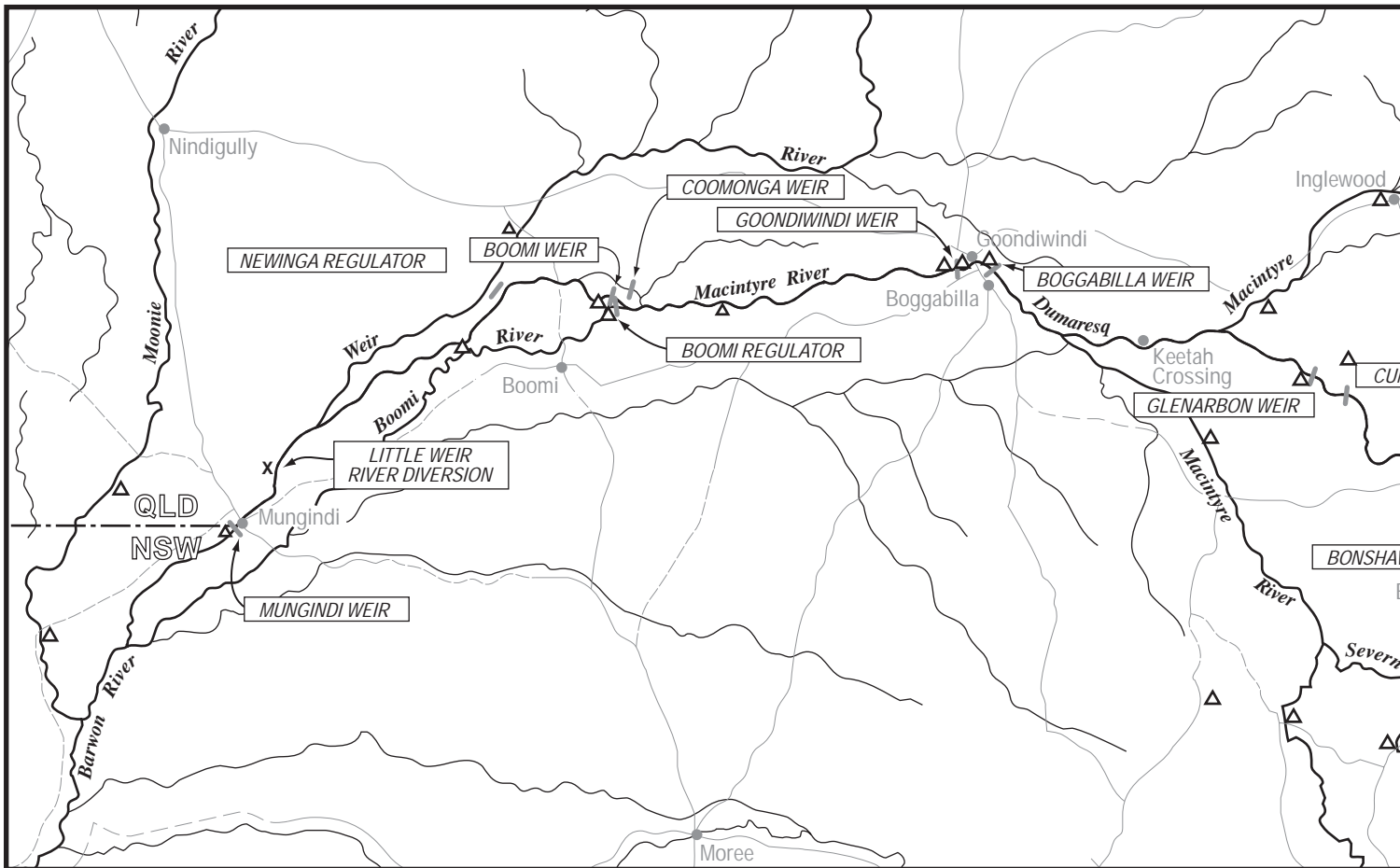
The New South Wales Department of Natural Resources continued to monitor water quality at 15 sites in the Border Rivers, including Glenlyon Dam, and six sites on the Intersecting Streams.

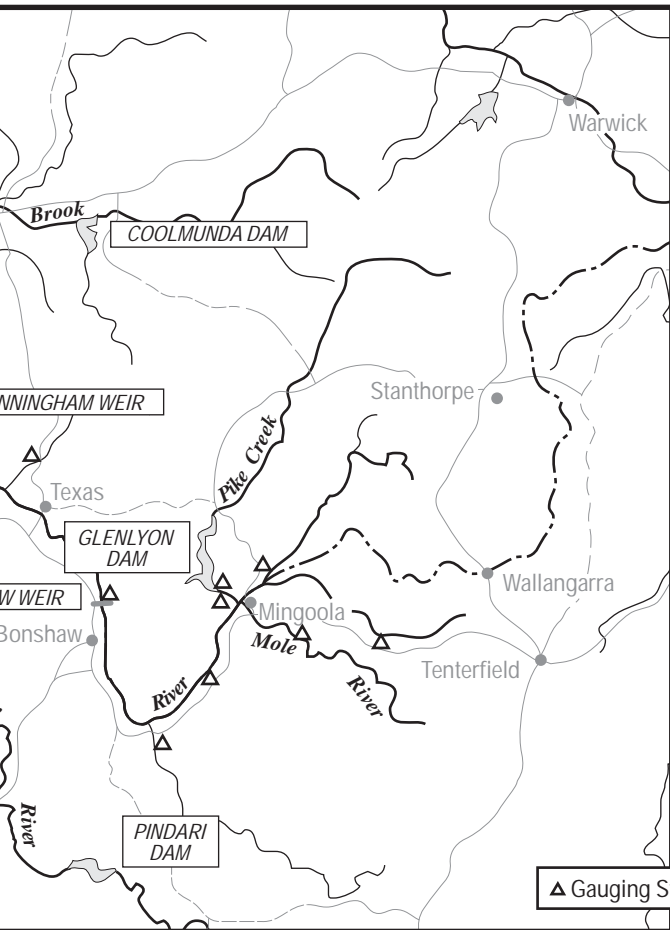
In brief, the analysis of the water samples collected indicated that the Weir River continued to be a major source of nutrients. It had the highest levels of nitrogen and phosphorous of all streams monitored in the catchment. The Weir River also had the highest turbidity levels being more than three times the average at the next most turbid site which was the Barwon River at Mungindi. The median turbidity level recorded at Mungindi was 398 NTU. Other tributaries in the catchment with historically high levels of nitrogen and phosphorous were Tenterfield Creek, Oaky Creek, Macintyre Brook and Severn River.

The highest electrical conductivity readings in the catchment were recorded in Oaky Creek. Although the levels were high, Oaky Creek is unlikely to be a significant contributor to the salt load in the main stream due to the relatively low flow volume during the year. Overall electrical conductivity levels were slightly down on the previous year.

Following the blue-green algal bloom in the Goondiwindi Weir storage during 2004-05 a blue-green algal response strategy has been developed and adopted by the Commission for the weirs along the Border Rivers. The strategy is a relatively low key strategy relying on visual monitoring with water quality sampling only to be done following the observation of an outbreak.

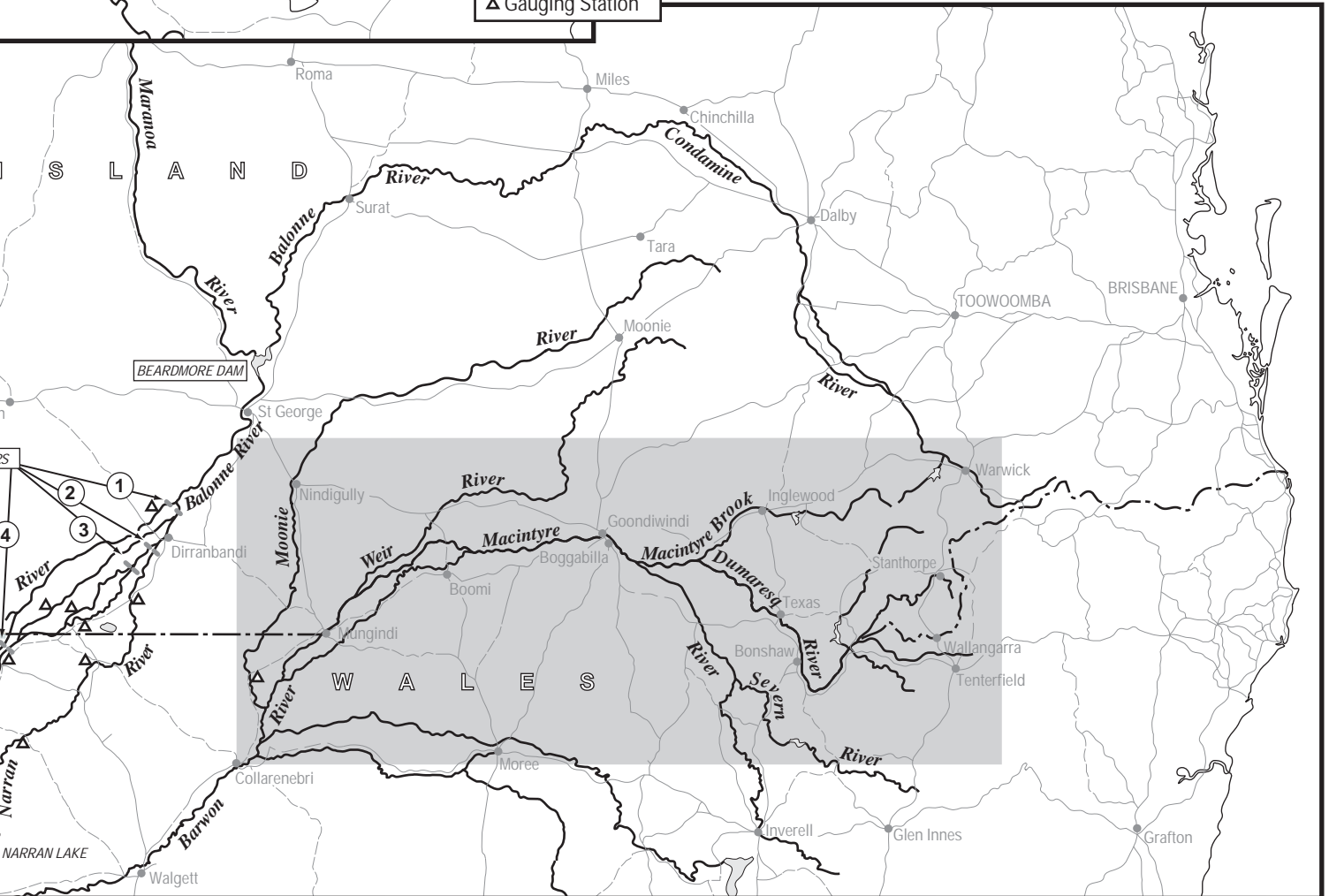
The blue-green algal monitoring at Glenlyon Dam indicated that levels in the dam were low for the full year.





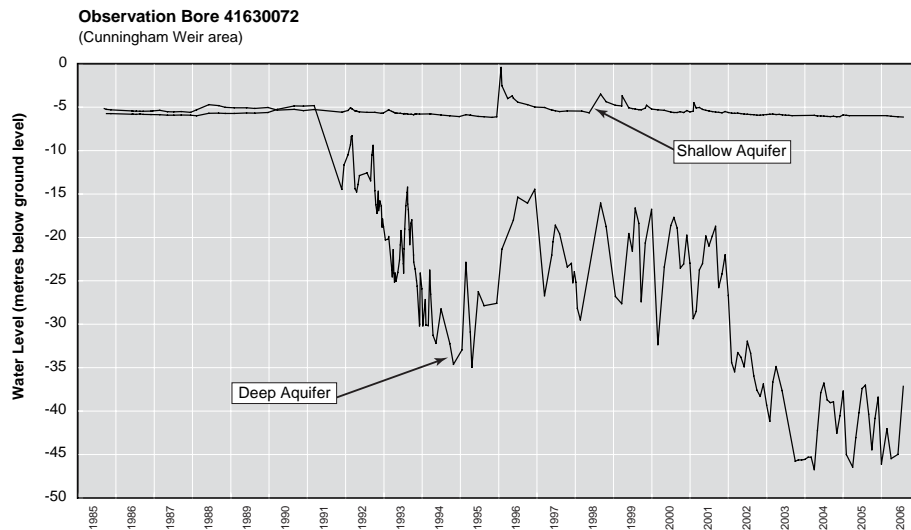
DUMARESQ - BARWON BORDER RIVERS COMMISSION OPERATIONS AREA

▲ Gauging Station



Groundwater monitoring

The Queensland Department of Natural Resources, Mines and Water continued to monitor water levels, on the Commission's behalf, in an observation bore network established by the states in the Dumaresq River Groundwater Area. The network consists of 50 piezometers located in 36 bores in the area between Mingoola and Keetah. Due to the continued high level of groundwater use during the year and the continuing drought conditions, the groundwater levels in most of the observation bores in the area were at or near historical low levels during the year. The plot of water levels in the observation bore in the vicinity of the Cunningham Weir is typical of most.

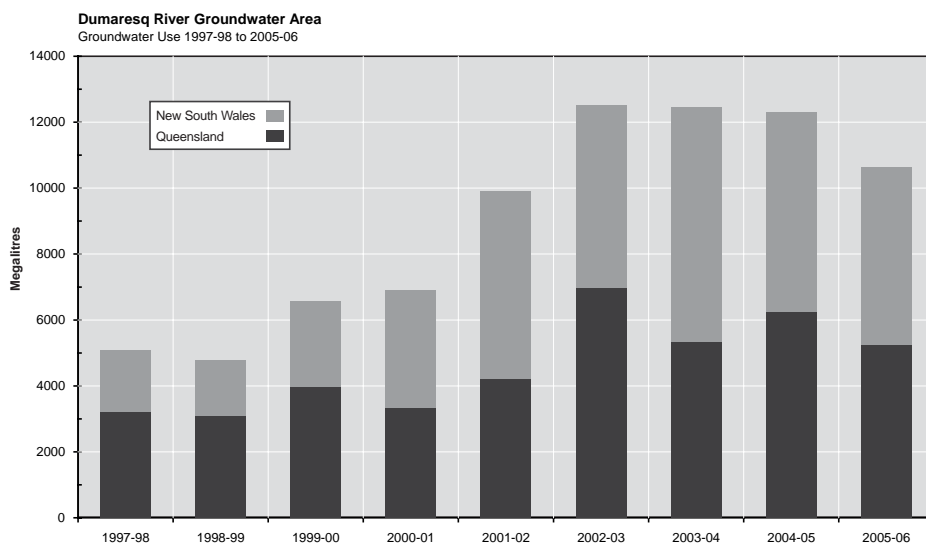


During the year irrigators in the New South Wales and Queensland sections of the Dumaresq River Groundwater Area used 5,377 megalitres and 5,260 megalitres respectively. This figure was below the level of use in the previous year but above the average level of use over the past nine years.

Future directions

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

- provide input and liaise with the states on the development of the proposed new interstate water sharing agreement
- upgrade and maintain its network of stream gauging stations and groundwater observation bores.



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 Initiative.

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

Strategic focus

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

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

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

Achievements during 2005-06

Customer consultation

The Border Rivers Water Services Advisory Committee (WatSAC) involving the agencies, the water service providers, the states' customers and the Commission, met on three occasions during the year to discuss and consider issues/concerns in relation to the provision of water services in the Border Rivers.

Institutional reform investigations

Investigations which commenced in the previous financial year into the reform of the institutional arrangements in the Border Rivers are continuing. The focus of the investigations in the first part of the year was the work undertaken on the Commission's behalf by the Queensland Treasury Corporation to develop a financial model and provide financial advice and obtain advice on taxation matters relating to the preferred institutional option.

Following further consideration of the institutional reform options and a number of legal issues in relation to the current institutional arrangements, the Commissioner representing New South Wales has indicated to the Commission that New South Wales is not currently interested in pursuing any options which would significantly change the management arrangements established under the New South Wales-Queensland Border Rivers Agreement in 1946.

In the latter part of the year the Queensland and New South Wales Commissioners were considering their positions and were engaged in discussions in an effort to reach agreement on the institutional arrangements appropriate for the Border Rivers into the future. Under consideration were not only

the arrangements for ownership and management of the water infrastructure in the catchment but also the arrangements for river operations.

Consultants

Because the Commission is not a corporate body it is not able to enter into contracts with consultants. Consequently the Commission did not engage any consultants during 2005-06. If the Commission requires the services of consultants it seeks the assistance of either the Queensland Department of Natural Resources, Mines and Water or the New South Wales Department of Natural Resources who engage the consultants on the Commission's behalf under the appropriate state purchasing guidelines.

Insurance

Insurance cover for the Commission assets is held on the Commission's behalf by the Queensland Department of Natural Resources, Mines and Water and the New South Wales Department of Natural Resources through the Queensland Government Insurance Fund (QGIF) and the New South Wales Treasury Managed Fund (TMF) respectively. The cover held by the Departments on behalf of the Commission also covers the Commission, its servants and the Departments with respect to a public liability claim.

Risk management

The Commission has in place a two-part strategy for managing risk. Firstly it maintains a risk register to record identified "business" risks and detailed risk treatment strategies. Secondly the Commission's operations and maintenance contractor, SunWater, is required to manage a 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

No freedom of information requests were received during the year.

Privacy management

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

Production of the annual report

The total cost of publishing and printing the 2004-05 Annual Report (400 copies) and 2004-05 Annual Statistics (400 copies) was \$7,528.

Copies of annual report

In due course this report will be available on the Commission's internet site which is currently under development. If additional paper copies of the report are required they may be obtained from the Secretary of the Dumaresq-Barwon Border Rivers Commission (203 Tor St or PO Box 318 Toowoomba Q 4350 or phone 07 4688 1010).

Financial statements for the year ended 30 June 2006

INDEPENDENT AUDIT REPORT

To the Board of Dumaresq-Barwon Border Rivers Commission

Scope

The Financial Report

The financial report of the Dumaresq-Barwon Border Rivers Commission consists of the Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, notes to and forming part of the financial report and certificates given by the Board and officer responsible for the financial administration of Dumaresq-Barwon Border Rivers Commission, for the year ended 30 June 2006.

The Board's Responsibility

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

Audit Approach

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

Audit procedures included –

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

Independence

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

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

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which 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.

Audit Opinion

In accordance with s.46G of the *Financial Administration and Audit Act 1977* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Dumaresq-Barwon Border Rivers Commission for the financial year 1 July 2005 to 30 June 2006 and of the financial position as at the end of that year.



R B SMITH, CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

CERTIFICATE OF THE DUMARESQ-BARWON BORDER RIVERS COMMISSION

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

- a) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b) The statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Dumaresq-Barwon Border Rivers Commission for the financial year ended 30 June 2006 and of the financial position of the Commission at the end of that year.



Mr. Michael Montefiore
Chairman
27 September 2006



Mr. Anthony Corcoran
Accountant
27 September 2006

INCOME STATEMENT
for the year ended 30 June 2006

	Note	2006 \$	2005 \$
Income			
Revenue			
Contributions by the States	3	2,100,000	1,800,000
Interest on investments		136,431	96,768
Interest on bank account		3,320	24,110
Rental income		18,961	12,218
Recovery of expenditure		-	8,024
Total Income		2,258,712	1,941,120
Expenses			
Administrative allowances		15,591	15,329
Asset write-off		139,622	0
Insurance		71,354	78,519
Fees for services - provided by the States	2	1,600,170	1,687,345
Depreciation		599,617	586,202
Bank fees and charges		2,441	1,282
Audit fee		6,850	3,500
Total Expenses		2,435,645	2,372,177
Net Operating Result		(176,933)	(431,057)

The accompanying notes form part of these financial statements.

BALANCE SHEET
for the year ended 30 June 2006

	Note	2006 \$	2005 \$
Current Assets			
Cash and cash equivalents	4	1,689,104	1,475,119
Receivables	5	2,328,961	1,992,218
Total Current Assets		4,018,065	3,467,337
Non Current Assets			
Property, plant and equipment	6	64,661,300	55,315,294
Total Non Current Assets		64,661,300	55,315,294
Total Assets		68,679,365	58,782,631
Current Liabilities			
Payables	7	408,470	420,048
Total Current Liabilities		408,470	420,048
Total Liabilities		408,470	420,048
Net Assets		68,270,895	58,362,583
Equity			
Retained surplus		19,084,007	19,260,940
Asset revaluation reserve	8	49,186,888	39,101,643
Total Equity		68,270,895	58,362,583

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2006

	Retained Surpluses		Asset Revaluation Reserve (Note 8)		Total	
	2006 \$	2005 \$	2006 \$	2005 \$	2006 \$	2005 \$
Balance 1 July	19,260,940	19,691,997	39,101,643	37,522,978	58,362,583	57,214,975
Net operating result	(176,933)	(431,057)	-	-	(176,933)	(431,057)
Non-Owner changes in equity:						
- Increase in Asset Revaluation Reserve	-	-	10,085,245	1,578,665	10,085,245	1,578,665
Balance 30 June	19,084,007	19,260,940	49,186,888	39,101,643	68,270,895	58,362,583

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT
for the year ended 30 June 2006

	Note	2006 \$	2005 \$
Cash flows from operating activities			
<i>Inflows:</i>			
Contributions by the States		1,980,000	1,760,000
Rental income		12,218	3,402
Interest receipts		139,751	125,757
GST input tax credits from Australian Taxation Office		182,644	156,699
Other		-	8,024
<i>Outflows:</i>			
Administrative allowances		(7,608)	(7,211)
Insurance		(78,489)	(86,371)
Payments to suppliers, employees etc		(1,827,085)	(1,781,010)
GST remitted to Australian Taxation Office		(187,444)	(166,789)
Other		(2)	(14)
Net cash provided by operating activities	10	213,985	12,487
Net increase in cash held		213,985	12,487
Cash at the beginning of financial year		1,475,119	1,462,632
Cash at the end of financial year	4	1,689,104	1,475,119

The accompanying notes form part of these financial statements

Objectives and Principal Activities of the Commission

The objective of the Dumaresq-Barwon Border Rivers 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) Basis of Accounting

These financial statements have been prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AEIFRS) for the first time. The disclosures required by AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* concerning the transition from previous Generally Accepted Accounting Principles (GAAP) to AEIFRS are provided in Notes 13 and 14.

This financial report is a general purpose financial report.

The AASB has issued amendments to existing standards. The amendments are denoted by year and then number, for example 2005-1 indicates amendment 1 issued in 2005. The Commission has elected to early adopt the following accounting standards and amendments:

- AASB 2004-3 Amendments to Australian Accounting Standards [AASB1, AASB101, AASB124] (December 2004)
- AASB 2005-1 Amendments to Australian Accounting Standards [AASB139] (May 2005)
- AASB 2005-4 Amendments to Australian Accounting Standards [AASB139, AASB132, AASB1, AASB1023 & AASB1038] (June 2005)
- AASB 2005-5 Amendments to Australian Accounting Standards [AASB1 & AASB139] (June 2005)
- AASB 2005-8 Amendments to Australian Accounting Standards [AASB 1] (June 2005)
- AASB 2005-9 Amendments to Australian Accounting Standards [AASB4, AASB1023, AASB139, AASB132] (September 2005)
- AASB 2005-10 Amendments to Australian Accounting Standards [AASB132, AASB101, AASB114, AASB117, AASB133, AASB139, AASB1, AASB4, AASB1023 & AASB1038] (September 2005)
- AASB 2005-11 Amendments to Australian Accounting Standards [AASB101, AASB112, AASB132, AASB133, AASB139 & AASB141] (September 2005)
- AASB2006-2 Amendments to Australian Accounting Standards [AASB1] (March 2006).

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

(b) The Reporting Entity

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

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

Summary of Significant Accounting Policies (continued)

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

Under the current agreement embodied in the constituting legislation, the two States, being New South Wales and Queensland, will continue to share equally the costs associated with the Commission's activities. In accordance with the terms of that agreement, the Commission has arranged for secretarial and accounting support to be provided as from 1 April 2002 by officers of the Department of Natural Resources, Mines and Water (Queensland). Prior to this, from 1 April 1997, this support was provided for a five yearly rotational term by officers of the Department of Natural Resources (New South Wales). The next rotation is due to take effect from 1st April 2007.

(c) Revenue

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

(i) Rendering of Services

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

(ii) Interest

Interest revenue is recognised as it accrues.

(iii) Grants and Contributions

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 accrued over the term of the funding arrangements.

(iv) Lease Income

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

(d) Cash and Cash Equivalents

For the Purposes of the Balance Sheet and the Cash Flow Statement, cash assets include all cash and cheques receipted but not banked at 30 June as well as deposits at call with financial institutions. Unpresented cheques drawn have been deducted from the cash at bank balance. It also includes the Queensland Treasury Corporation capital guaranteed cash fund investment that is convertible readily to cash on hand at the Commission's option and is subject to a low risk of a change in value.

(e) Receivables

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

(f) Acquisition of Assets

Actual cost is used for the initial recording of all 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.

Summary of Significant Accounting Policies (continued)

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition in accordance with AASB116 *Property, Plant and Equipment*.

(g) Property, Plant and Equipment

Items of property, plant and equipment, except intangibles, 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
Other	\$5,000

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

Land improvements undertaken by the Commission are included with Buildings.

(h) Revaluations of Non-Current Physical and Intangible Assets

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

Plant and equipment are measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

The Commission's physical non-current assets, except for plant and equipment, were independently revalued as at 30 June 2006. Interim valuations using appropriate indices are otherwise performed on an annual basis where there has been a material variation in the index. Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve 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 reserve relating to that class.

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

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

(i) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

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

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Commission.

Any expenditure that increases the originally assess 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.

Summary of Significant Accounting Policies (continued)

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

Asset Category	Number of Years
Buildings:	
Buildings - Workshop/Depot	50-55
Buildings - Houses/Office Complex	75-80
Water Infrastructure:	
Dam - Structural Components	150
Dam - Mechanical/Electrical Components	25-45
Major Weir - Structural Components	70-100
Major Weir - Mechanical/Electrical Components	25-45
Minor Weir - Regulator/Structural Components	30-50
Plant & Equipment:	
Plant & Equipment (at cost)	3-15

(j) Impairment of Non-Current Assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis through the Commission's contract service provider, SunWater. 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 Income Statement, 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 reserve 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. Refer also note 1(h).

(k) Payables

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

(l) Insurance

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

(m) Employee Benefits

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

Summary of Significant Accounting Policies (continued)

(n) Financial Instruments Disclosures

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

(i) Interest Rate Risk

Interest rate risk, is the risk that the value of the instruments will fluctuate due to changes in market interest rates. The entity's exposure to interest rate risk and the effective interest rates of financial assets and liabilities at the balance date are disclosed at Note 11.

(ii) Credit Risk

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

(o) Taxation

The Commission is a state/territory body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). As such, GST credits receivable from/payable to the ATO are recognised and accrued.

(p) Issuance of Financial Statements

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

(q) Judgements and Assumptions

The Commission has made no judgements or assessments which may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(r) Rounding and Comparatives

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

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

		2006	2005
		\$	\$
2. Fees for Services - Provided by the States	Note		
Fees for services - provided by the States			
Department of Natural Resources (New South Wales)		375,628	513,202
Department of Natural Resources, Mines and Water (Queensland)		459,535	415,343
SunWater (Queensland)		765,007	758,800
Total Fees for Services-Provided by the States		1,600,170	1,687,345

3. Contributions by the States

Contributions by the States			
Department of Natural Resources (New South Wales)		1,050,000	900,000
Department of Natural Resources, Mines and Water (Queensland)		1,050,000	900,000
Total Contributions by the States	3(a)	2,100,000	1,800,000

3(a) 'Contributions by the States' The Commission call-up invoices totalling \$2,100,000 were issued to the States on 30 June 2006, which was an increase of \$300,000 from 2004-05.

4. Cash Assets

Cash at bank and on hand	4(a)	(292,325)	(233,315)
At call interest bearing investment		1,981,429	1,708,434
Total Cash Assets		1,689,104	1,475,119

4(a) 'Cash at bank and on hand' The Cash at bank and on hand balance of (\$292,325) does not represent a physical bank overdraft but rather the reconciled year end position of physical cash at bank of \$14,651 less unrepresented cheques totalling \$306,976. This balance is as a result of the cash management strategy applied by the Commission to maximise interest earned on the investment.

Cash deposited with the Westpac Banking Corporation earned interest at rates between 0.05% to 3.80%. (2004-05: Westpac Banking Corporation 5.24% to 5.31%).

Investments deposited with the Queensland Treasury Corporation capital guaranteed fund earned interest at rates between 5.71% to 6.14%. (2004-05: Queensland Treasury Corporation 5.37% to 6.09%).

5. Receivables

Department of Natural Resources (New South Wales)		1,155,000	990,000
Department of Natural Resources, Mines and Water (Queensland)		1,155,000	990,000
SunWater (Queensland)		18,961	12,218
Total Receivables		2,328,961	1,992,218

Dumaresq-Barwon Border Rivers Commission

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

	2006	2005
	\$	\$
6. Property, Plant and Equipment		
Buildings (at independent valuation 2006)	1,180,630	1,000,823
Less: Accumulated depreciation	(472,293)	(596,811)
	708,337	404,012
Water infrastructure systems (at independent valuation 2006)	87,726,048	71,188,422
Less: Accumulated depreciation	(25,438,676)	(17,677,731)
	62,287,372	53,510,691
Land(at independent valuation 2006)	1,650,345	1,383,781
	1,650,345	1,383,781
Plant and equipment (at cost)	23,443	23,443
Less: Accumulated depreciation	(8,197)	(6,633)
	15,246	16,810
Total Property, Plant and Equipment	64,661,300	55,315,294

The Commission's physical non-current assets, except for plant and equipment, were independently revalued in June 2006 by the Department of Commerce - Dams and Civil (New South Wales) using 'fair value' principles. Infrastructure assets reflect the 'fair value' based on the current replacement cost to reflect the lowest cost at which the service potential of future economic benefits of the asset could be obtained in the normal course of business. Land associated with the infrastructure was revalued on the basis of current market buying price, including appropriate transaction costs (ie value in use).

Plant and equipment is included in the accounts at cost less accumulated depreciation. These items were not revalued as their written down value approximates their fair value. The asset recognition threshold policy was changed retrospectively (effective 1/7/2004) to \$5,000 per item resulting in a reduction in plant & equipment asset value of \$46,569.

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

Reconciliation	Buildings	Water Infrastructure Systems	Land	Plant and Equipment	Total
	2006 \$	2006 \$	2006 \$	2006 \$	2006 \$
Carrying amount at 1 July	404,012	53,510,691	1,383,781	16,810	55,315,294
Acquisitions	-	-	-	-	-
Revaluation increments	324,905	9,493,776	266,564	-	10,085,245
Disposals (write-offs)	-	(139,622)	-	-	(139,622)
Depreciation	(20,580)	(577,473)	-	(1,564)	(599,617)
Carrying amount at 30 June	708,337	62,287,372	1,650,345	15,246	64,661,300

Dumaresq-Barwon Border Rivers Commission

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2005-06

	2006	2005
7. Payables	\$	\$
Accrued expenditure reimbursement claims:		
Department of Natural Resources (New South Wales)	120,255	61,778
Department of Natural Resources, Mines and Water (Queensland)	28,321	61,448
SunWater (Queensland)	76,936	155,034
GST Payable	210,000	180,000
GST Receivable	(33,292)	(42,995)
	<hr/>	<hr/>
	176,708	137,005
PAYG Payable	523	1,175
Other Accrued Expenses	5,727	3,608
	<hr/>	<hr/>
Total Payables	408,470	420,048

8. Closing Balance of Asset Revaluation Reserve by Class

Land	778,674	512,109
Buildings	725,970	401,066
Infrastructure Assets	47,682,244	38,188,468
	<hr/>	<hr/>
Total	49,186,888	39,101,643

9. Contingent Liabilities

	2006	2005
Number of cases	<hr/>	<hr/>
	1	1

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

10. Reconciliation of Net Operating Result to Net Cash Provided By Operating Activities

	2006 \$	2005 \$
Net operating result	(176,933)	(431,057)
Depreciation	599,617	586,202
Asset write-offs	139,622	-
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(336,743)	(223,937)
Increase (decrease) in accounts payable	(11,578)	81,279
Net cash provided by operating activities	213,985	12,487

11. Financial Instruments

Interest Rate Risk Exposure

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

	Weighted Average Rate: %	Fixed Interest Rate Maturities					Non Interest Bearing \$	Total \$
		Floating Rate \$	1 Year or Less \$	1 to 5 Years \$	Greater Than 5 Years \$			
30 June 2006								
Financial Assets								
Cash Assets								
Cash at bank and on hand*	0.11	(292,325)	-	-	-	-	(292,325)	
Investments	6.86	-	1,981,429	-	-	-	1,981,429	
Receivables	NA	-	-	-	-	2,328,961	2,328,961	
Total Financial Assets		(292,325)	1,981,429	-	-	2,328,961	4,018,065	
Financial Liabilities								
Payables	NA	-	-	-	-	408,470	408,470	
Total Financial Liabilities		-	-	-	-	408,470	408,470	
Net Financial Assets/ (Liabilities)		(292,325)	1,981,429	-	-	1,920,491	3,609,595	

Weighted average interest rate represents the most recently administered market rate applicable to the instrument at 30 June 2006.

* The Cash at bank and on hand balance of (\$292,325) does not represent a physical bank overdraft but rather the reconciled year end position of physical cash at bank of \$14,651 less un-presented cheques totalling \$306,976. This balance is as a result of the cash management strategy applied by the Commission to maximise interest earned on the investment.

11. Financial Instruments (continued)

Credit Risk Exposure

The maximum exposure to credit risk at balance date in Balance Sheet. The Commission has not created a provision for doubtful debts (see *Summary of Significant Accounting Policies - Note 1(e) Receivables*).

No significant credit risks have been identified.

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.

12. Post Balance Date Event

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

13. Reconciliation of Adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AEIFRS) - as at 1 July 2004

	Note	Previous GAAP 1 July 2004 \$	Effect of transition to AEIFRS \$	AEIFRS 1 July 2004 \$
Current Assets				
Cash and Cash Equivalents		1,462,632	-	1,462,632
Receivables		1,768,281	-	1,768,281
Total Current Assets		3,230,913	-	3,230,913
Non-Current Assets				
Property, Plant and Equipment	13.1	54,339,458	(16,627)	54,322,831
Total Non-Current Assets		54,339,458	(16,627)	54,322,831
Total Assets		57,570,371	(16,627)	57,553,744
Current Liabilities				
Payables		338,769	-	338,769
Total Current Liabilities		338,769	-	338,769
Total Liabilities		338,769	-	338,769
Net Assets		57,231,602	(16,627)	57,214,975
Equity				
Retained Surplus	13.2	19,708,624	(16,627)	19,691,997
Asset Revaluation Reserve		37,522,978	-	37,522,978
Total Equity		57,231,602	(16,627)	57,214,975

13. Reconciliation of Adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AEIFRS) - as at 1 July 2004 (continued)

Notes to Reconciliation

13.1 The adjustments to Property, Plant and Equipment are as follows:

Write-off of previously capitalised assets below new asset recognition threshold	(16,627)
Adjustment to property, plant and equipment	<u>(16,627)</u>

13.2 The adjustments to Retained Surplus are as follows:

Write-off of previously capitalised assets below new asset recognition threshold (Adj13.1)	(16,627)
Adjustment to retained surplus	<u>(16,627)</u>

14. Reconciliation of Adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AEIFRS) - as at 1 July 2005

Effect of transition to AEIFRS

		Previous GAAP 1 July 2005 \$	Opening Adjustments 1 July 2004 \$	2004-05 Adjustments \$	AEIFRS 1 July 2005 \$
	Note				
Current Assets					
Cash and Cash Equivalents		1,475,119	-	-	1,475,119
Receivables		1,992,218	-	-	1,992,218
Total Current Assets		<u>3,467,337</u>	-	-	<u>3,467,337</u>
Non-Current Assets					
Property, Plant and Equipment	14.1	55,329,247	(16,627)	2,674	55,315,294
Total Non-Current Assets		<u>55,329,247</u>	<u>(16,627)</u>	<u>2,674</u>	<u>55,315,294</u>
Total Assets		<u>58,796,584</u>	<u>(16,627)</u>	<u>2,674</u>	<u>58,782,631</u>
Current Liabilities					
Payables		420,048	-	-	420,048
Total Current Liabilities		<u>420,048</u>	-	-	<u>420,048</u>
Total Liabilities		<u>420,048</u>	-	-	<u>420,048</u>
Net Assets		<u>58,376,536</u>	<u>(16,627)</u>	<u>2,674</u>	<u>58,362,583</u>
Equity					
Retained Surplus	14.2	19,274,893	(16,627)	2,674	19,260,940
Asset Revaluation Reserve		39,101,643	-	-	39,101,643
Total Equity		<u>58,376,536</u>	<u>(16,627)</u>	<u>2,674</u>	<u>58,362,583</u>

14. Reconciliation of Adjustments from previous GAAP to Australian Equivalents to International Financial Reporting Standards (AEIFRS) - as at 1 July 2005 (continued)

Notes to Reconciliation

14.1 The adjustments to Property, Plant and Equipment are as follows:

Write-off movements relating to previously capitalised assets below new asset recognition threshold	2,674
Adjustment to property, plant and equipment	2,674

14.2 The adjustments to Retained Surplus are as follows:

Write-off movements relating to previously capitalised assets below new asset recognition threshold (Adj 13.1)	2,674
Adjustment to retained surplus	2,674

Income Statement and Cash Flow Statement

Depreciation expense decreased by \$2,674 as a result of the above adjustments to property, plant and equipment.

End of Audited Financial Statements