Purpose of the report
This annual report details the financial and non-financial performance of the Queensland Water Commission (the Commission) from 1 July 2010 to 30 June 2011. It highlights the work, achievements, performance, outlook and financial position of the Commission, and satisfies the requirements of Queensland’s Financial Accountability Act 2009.

The report also details progress against the Commission’s 2010–14 Strategic Plan and documents how our work contributes to the achievement of two of the Queensland Government’s Toward Q2: Tomorrow’s Queensland ambitions—Strong: creating a diverse economy powered by bright ideas and Green: protecting our lifestyle and environment.

Our partners
To deliver on our strategic plan, we work collaboratively with other organisations that have a role and interest in water management, including other Queensland Government agencies, South East Queensland (SEQ) Water Service Providers, local and federal governments, other environmental authorities, industry, conservation and special interest groups, landholders, and the general community.

Your feedback
The annual report is an important communication and accountability document. The Commission values comments and welcomes feedback from readers. To provide feedback, please contact us at:

PO Box 15087
City East QLD 4002
Telephone: 1300 789 906
Email: qwcenquiries@qwc.qld.gov.au

Interpreter service
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The official copy of the annual report, as tabled in the Legislative Assembly of Queensland can be accessed from the Queensland Parliament's tabled papers website database www.parliament.qld.gov.au/work-of-assembly/tabled-papers/online-tabled-papers.

Images contained within this document are courtesy of Department of Environment and Resource Management and the Queensland Water Commission.

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Letter of compliance

8 September 2011

The Honourable Stephen Robertson MP
Minister for Energy and Water Utilities
PO Box 15216
City East QLD 4002

The Honourable Vicky Darling MP
Minister for Environment
QPO Box 2454
Brisbane QLD 4001

Dear Ministers

I am pleased to present the Queensland Water Commission Annual Report 2010-11.

I certify that this annual report complies with:
- the prescribed requirements of the Financial Accountability Act 2009 and the Financial
  and Performance Management Standard 2009; and
- the detailed requirements set out in the Annual Report Requirements for Queensland
  Government Agencies.

A checklist outlining the annual reporting requirements can be accessed at:

Yours sincerely

Mary Boydell
Commissioner
The extreme weather during the 2010–11 summer presented unprecedented challenges for the South East Queensland (SEQ) community and the water entities that serve them. These challenges were met on all levels by commitment and perseverance and there must be ongoing work to ensure that learnings are captured and built upon.

These challenges and ongoing work emphasise the importance of sustainable long term planning to ensure safe, secure and sustainable water supplies for the SEQ community.

The Queensland Water Commission is responsible for providing advice on matters relating to water supply and demand management and the delivery of desired Level of Service objectives for water supplied to the SEQ region. To this end, the SEQ Water Strategy was released by Minister Robertson in July 2010. The strategy is an adaptive planning approach to provide for long-term water security through preparedness, conservation and efficiency.

Complementary to this long-term plan, and given the region’s current levels of water security, the Commission worked with the SEQ Water Grid Manager and WaterSecure to refine operating regimes to reduce operating expenditure.

Further, in preparedness for the 2011–12 wet season, the Commission assessed the water security impacts of various scenarios for the operating volume of Wivenhoe Dam and provided a comprehensive report to assist in the wider decision-making process concerning such levels.

In December 2010, the Commission completed a review of the 10-year bulk water price path which led to the Queensland Government making the decision to reduce the annual bulk water price increase by $5 per SEQ household.

In 2010–11, the Commission played a role in expanding the Energy Ombudsman role to form the new industry-funded Energy and Water Ombudsman Queensland, to provide stronger protection for SEQ water and wastewater customers.

The Commission also developed legislation for a two-year price cap on SEQ distribution and retail water bills, effective 1 July 2011.

We have worked extensively with key stakeholders to establish and progress our role in coal seam gas (CSG) water. In 2010–11, the Commission resourced its new CSG groundwater function, provided advice on the establishment of the Surat Basin Cumulative Management Area and commenced groundwater flow modelling and assessment of the Great Artesian Basin springs.

More recently, the Commission commenced preparation of an Underground Water Impact Report for the Surat Basin Cumulative Management Area. The draft report is due to be released later in 2011 and will assist the State regulator in understanding how CSG operations affect water levels in the Great Artesian Basin in Queensland.

The Commission continues to contribute to the Queensland Government’s Toward Q2 ambitions of strong—creating a diverse economy powered by bright ideas, and green—protecting our lifestyle and environment.

While 2010–11 has been a challenging year on many fronts, the dedication, objectivity and hard work of our CEO and staff has enabled the Commission to work cooperatively with our stakeholders—SEQ water entities, councils, government agencies, water industry stakeholders, CSG industry stakeholders and the wider community. Together, we have made solid progress in planning and reform to underpin the security and reliability of water supply for the SEQ community and, to develop the knowledge and tools to support our important advisory role on the impacts of CSG extraction on underground water resources.

We particularly acknowledge and thank our many stakeholders for their constructive input and support for our work.

With the commitment of our CEO and staff, and the continuing input and support of our stakeholders, in 2011–12 the Commission is focused on progressing the work to deliver on our purpose—to achieve safe, secure and sustainable water supplies in SEQ and to provide sound, evidence-based advice on management of the impacts of CSG extraction on underground water resources.

Mary Boydell
Commissioner
The past 12 months have been a productive time for the Queensland Water Commission, consolidating our work for South East Queensland (SEQ) and renewing our focus for the future.

With dams full and water supply secure in the short to medium term, we move from our initial focus on drought management to ensuring long-term sustainability, efficiency and future water security for the region.

In the past year, we reviewed our strategic direction in light of our current operating environment and the SEQ Water Strategy—the blueprint for long-term water security.

The findings from the strategic review confirmed that the Commission is correctly dedicating resources to its critical planning and institutional reform roles, to its new coal seam gas water role, and should continue its focus on water use efficiency, and its work with all SEQ water entities to achieve optimal planning outcomes.

To support the Commission’s strategic direction, we have implemented a refined organisational structure that strengthens our strategic capabilities and ensures a sustainable workforce in order to continue progressing our priorities.

The new streamlined structure delivers expertise around the Commission’s key responsibilities: planning for the provision of a safe, secure and reliable water supply for SEQ; improving the institutional and regulatory frameworks to enable efficient and cost-effective service delivery to water consumers; and providing sound, evidence-based advice to manage the cumulative impacts of coal seam gas extraction on underground water resources.

Some of our major achievements over the past 12 months include:

- **Coal seam gas (CSG)**
  - establishing the CSG Water business group and developing the CSG Water work plan, defining our activities and functions
  - providing advice on the establishment of the Surat Cumulative Management Area
  - completing stage one groundwater flow modelling and assessments of the Great Artesian Basin springs in the Surat Cumulative Management Area.

- **Consumer protection**
  - creating the Customer Water and Wastewater Code, which sets out customer service standards, billing practices and other standards for distributor-retailers
  - reviewing the 10-year bulk water price path in SEQ, informing a decision to reduce the annual increase in 2011–12 by $5 per household
  - developing legislation for a two-year price cap on SEQ distribution and retail water bills, effective 1 July 2011
  - expanding Queensland’s former energy dispute resolution entity to create the Energy and Water Ombudsman Queensland.

- **Planning and standards**
  - launching the SEQ Water Strategy after consultation with our key stakeholders
  - establishing the Rural Water Advisory Group, which oversees the planning for rural water supplies in SEQ—a key action of the SEQ Water Strategy
  - releasing an updated System Operating Plan, which sets out specific rules to achieve the desired Level of Service objectives
  - developing the Operating Protocol Guideline which sets out the proposed form and content of operating protocols for grid participants.

Our achievements are a testament to the effort and commitment of our staff, and I thank them for their dedication, expertise and contributions.

I would also like to thank the Executive Management Team for their diligence throughout the implementation of the strategic review and organisational restructure, and for their professionalism and support throughout the year.

In the next 12 months, the Commission will deliver on the objectives set out in our Strategic Plan 2011–15—including finalising our annual review of the SEQ Water Strategy, preserving future water supply options, progressing the drought response plan for SEQ, and reviewing water use efficiency measures.

We will also be progressing further institutional and regulatory reforms to improve outcomes for SEQ water customers and delivering the Surat Underground Water Impact Report to assess the cumulative impacts of CSG water extraction on groundwater resources and establish arrangements for ongoing management.

I look forward to leading our operations as we continue to ensure a safe, secure and sustainable water supply for SEQ.
Our organisation
Our purpose
To achieve safe, secure and sustainable water supplies in SEQ and to provide sound, evidence-based advice on management of the impacts of CSG extraction on underground water resources.

Our vision
Safe, secure and sustainable water for regional prosperity, lifestyles and healthy ecosystems.

Our shared values
The Commission, its management and staff have made a commitment to the following shared values:

<table>
<thead>
<tr>
<th>Wisdom</th>
<th>We seek to draw on the wisdom and knowledge of others so that together we can be more creative.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability</td>
<td>We are accountable for our work and actions and seek to be recognised by others for our professionalism and integrity.</td>
</tr>
<tr>
<td>Trust</td>
<td>We seek to earn the trust of others by being respectful and honest in what we say and do.</td>
</tr>
<tr>
<td>Engagement</td>
<td>We seek to engage with colleagues, stakeholders and others by being collaborative and consultative.</td>
</tr>
<tr>
<td>Recruit, Retain, Recognise</td>
<td>We seek to recruit, retain and recognise the best people by fostering a rewarding and vibrant work environment.</td>
</tr>
</tbody>
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Our Role
Principles which guide our work

The general principle under which the Commission is to perform its functions for the SEQ region or a designated region is that water in the region is to be managed on a sustainable and integrated basis to provide secure and reliable supplies of water of acceptable quality for all uses.

The specific principles are:

- for water sharing—the principle that water is a scarce resource to be shared across the region
- for water sources—the principle that water quality should be managed from its source to its end users in a way that:
  - ensures the health of catchments, aquifers and their ecosystems
  - delivers water of a quality desired by the end users at the lowest overall cost
- for water supply operations—the principle that water supply arrangements should maximise efficient and cost-effective service delivery
- for cost sharing and pricing, the principles that:
  - the cost of water sources should be shared among users who benefit from them
  - pricing should be consistent with commitments of the State under intergovernmental agreements to which it is a party
- for planning—the principle that assessments of regional water supply should:
  - consider environmental, social and economic factors
  - include the application of ‘least cost planning’ to ensure proper economic comparison of all supply-side and demand-side options
- for Commission water restrictions—the principle that they should:
  - help the achievement of the region’s objectives for long-term demand management for water
  - enable the appropriate management of any significant threat to the region having a sustainable and secure water supply
- for flood mitigation and dam safety—the principle that these issues should be considered in the preparation of assessments of regional water supply.

Our legislation

The Commission administers the Water Act 2000 (Chapter 2A, Part 1; Part 2 Divisions 1, 2, 4, 5 and 7; Part 3 Divisions 1 and 2; Part 4; Part 5; Part 5A and Part 6).

We are also responsible for the South-East Queensland Water (Distribution and Retail Restructuring) Act 2009.

Who we are

The Queensland Water Commission was established as an independent statutory body in June 2006, under the Water Act 2000, with responsibility for achieving safe, secure and sustainable water supplies in SEQ.

The portfolio Ministers for the Commission, under the Administrative Arrangements Amendment Order (No.2) 2011, are the Minister for Energy and Water Utilities, the Honourable Stephen Robertson MP and the Minister for Environment, the Honourable Vicky Darling MP.

Our principal place of business is located at 53 Albert Street, Brisbane.

What we do

Under the Water Act 2000, the Commission’s main functions are to do the following for the SEQ region and designated regions:

- advise the Minister on matters relating to water supply and demand management for water
- advise the Minister on the delivery of desired Levels of Service objectives for water supplied to the SEQ region and designated regions
- facilitate and implement regional water security programs
- ensure compliance with the programs and with Commission water restrictions

and to:

- advise the Director-General, Department of Environment and Resource Management (DERM) on matters relating to impacts on underground water caused by the exercise of underground water rights by petroleum tenure holders
- establish and maintain a database of information about underground water
- prepare reports for Cumulative Management Areas.
Our operating environment
Key activities in 2010–11

In 2010–11, the Commission’s key activities were:

- finalising the SEQ Water Strategy and engaging with key stakeholders on implementation programs, including total water cycle planning and future supply options
- working with the SEQ Water Grid Manager and WaterSecure to develop operating strategies to reduce capital and operating expenditure without compromising water security
- expanding the Energy Ombudsman’s role to form the industry-funded Energy and Water Ombudsman Queensland, to provide stronger protection for SEQ water and wastewater customers
- developing a Customer Water and Wastewater Code which details the rights and obligations between distributor-retailers (Queensland Urban Utilities, Allconnex Water and Unitywater) and their small customers
- reviewing the 10-year bulk water price path in SEQ, informing a decision to reduce the annual increase in 2011–12 by $5 per household
- commencing the new CSG groundwater function within the Commission
- providing advice on the establishment of the Surat Cumulative Management Area

We also undertook a strategic review of the Commission’s role and activities to ensure that our resources are focused on the delivery of key accountabilities under the Water Act 2000.

The review confirmed the Commission’s focus on three strategic priorities:

1. planning for regional water security
2. ongoing reform of the water sector in SEQ
3. assessing the cumulative effect of CSG water extraction on underground water resources.

The strategic review resulted in a realignment of the Commission’s functional areas into three core business groups—Regional Planning and Policy, Water Reform, and CSG Water—and the creation of a new Strategic Governance and Risk business group. Our refined organisational structure became operational on 1 January 2011.

Our stakeholders

In 2010–11, the Commission worked closely with a wide range of stakeholders to maximise the effectiveness of our initiatives, including:

- consulting with SEQ irrigators on critical issues, including pricing and regulation
- forming a Rural Water Advisory Group to provide advice on issues of importance relating to rural production and assist in prioritising rural water projects
- assisting in the successful implementation of the South Bank Stormwater Harvesting and Recycling Centre and providing ongoing assistance with the Fitzgibbon Stormwater Harvesting Scheme
- working with major companies and nationally recognised spring and groundwater modelling experts to progress our role in CSG water.

Our key stakeholders included:

- the Department of Environment and Resource Management (DERM)
- Seqwater and WaterSecure
- LinkWater
- the SEQ Water Grid Manager
- Allconnex Water
- Queensland Urban Utilities
- Unitywater
- the Council of Mayors (SEQ)
- CSIRO
- peak industry groups—including environmental, agricultural and consumer groups
- Surat Basin Engagement Group
- industry associations
- universities.

We also work closely with the following SEQ local governments:

- Brisbane City Council
- Gold Coast City Council
- Ipswich City Council
- Lockyer Valley Regional Council
- Logan City Council
- Moreton Bay Regional Council
- Redland City Council
- Scenic Rim Regional Council
- Somerset Regional Council
- Sunshine Coast Regional Council.
Commission meetings

Commission meetings are attended by the Commissioner, Chief Executive Officer, Executive Management Team, Executive Officer and the Director, Corporate Services, DERM. During 2010–11, the Commission met on 11 occasions.

Future directions

The Commission’s Strategic Plan 2011–15 sets out our future strategic direction, including the Commission’s objectives, how these will be achieved and how we will measure against the plan.

There are four key agency objectives.

ONE: Plan for the provision of a safe, secure and sustainable water supply for SEQ to achieve the desired Level of Service objectives

Performance indicators:

- SEQ Water Strategy actions are finalised on time and within budget
- Average daily residential consumption in SEQ is less than 200 litres per person, per day

Our strategies for meeting this objective include:

- adopt an adaptive planning approach and undertake an annual review of the SEQ Water Strategy in light of changed circumstances to ensure that long-term regional outcomes are secured, while also addressing key short-term issues and opportunities
- take timely action to preserve future supply options
- review our approach to demand management in a post-drought context with a view to encouraging efficient water use
- continue to develop capabilities and information required to inform sound regional and sub-regional planning
- constructively engage with stakeholders and the SEQ community on key issues for planning and management of the region’s water supply.

TWO: Improve the institutional and regulatory frameworks to enable efficient and cost-effective service delivery to water customers in SEQ

Performance indicator:

- Institutional and regulatory framework improvements are delivered on time and within budget

Our strategies for meeting this objective include:

- undertake a stocktake of progress with SEQ water market reforms and agree on priorities for ongoing action
- review SEQ water market design and market rules to ensure the ongoing efficient operation and clarity of roles and accountabilities of water entities
- review and implement institutional and regulatory reforms to ensure they achieve desired outcomes
- commence a review of the 10-year bulk water price path in SEQ
- engage effectively with stakeholders to identify and manage key risks in the ongoing implementation of SEQ institutional and regulatory arrangements

External scrutiny

The Commission is an independent statutory body with probity and propriety obligations. We are accountable for decision-making in achieving our goals and discharging our statutory responsibilities.

The Commission is subject to independent scrutiny through external audit, internal audit and special reviews. The Audit and Risk Management Committee reviews the results of independent external audits undertaken by the Queensland Audit Office on behalf of the Auditor-General, and those audits outsourced to internal audit consultants.

In 2009–10 the Queensland Audit Office audited and certified the Commission’s financial statements without qualification. The audit identified five audit issues to be addressed by the Commission, three of which have since been finalised.

The remaining two issues are actively monitored by the Audit and Risk Management Committee and corrective actions are currently nearing completion.

In 2010–11, the Commission completed actions addressing the two remaining recommendations from the Queensland Audit Office’s follow-up performance management systems audit of the eight recommendations made in Audit Report No. 8 for 2007: South East Queensland—Towards a Short Term Water Balance.
Strategic challenges and opportunities

Through our strategic planning in 2010–11, we identified the following strategic risks:

- lack of community support for key elements of the SEQ Water Strategy compromises its implementation
- inadequate focus on long-term water supply planning to preserve future supply options
- SEQ water market design is not sufficiently clear to ensure a shared understanding and acceptance of roles and accountabilities
- quality assurance processes are not agreed and put in place for information, analysis and advice on impacts of CSG extraction on underground water resources
- inadequate access to critical capabilities required to effectively fulfil our responsibilities.

The challenges posed by these risks present the Commission with the opportunity to:

- use available communications opportunities to explain the benefits of the SEQ Water Strategy and the need for a long-term approach to regional water security
- effectively engage with key stakeholders and contribute to long-term planning in other areas of government
- undertake ongoing engagement with water market entities and other stakeholders to ensure clarity of outcomes and roles
- develop and implement rigorous procedures and quality assurance arrangements for our CSG Water functions
- recruit and retain appropriately qualified and experienced staff, and engage in strategic workforce planning to meet our future needs.

THREE: Provide sound, evidence-based advice on management of the impacts of CSG extraction on underground water resources

Performance indicator:

- Independent technical experts are satisfied that the Underground Water Impact Report provides sound, evidence-based advice

Our strategies for meeting this objective include:

- produce Underground Water Impact Reports for Cumulative Management Areas that are clear, timely and in accordance with legislative requirements
- put in place effective arrangements for modelling of groundwater flows in aquifers in each Cumulative Management Area
- develop a water monitoring strategy and spring impact management strategy for each Cumulative Management Area
- access external technical expertise to provide oversight and quality assurance of our information, analysis and advice
- build stakeholder understanding and confidence in our CSG activities and functions
- effectively implement an industry funded levy to support the Commission’s CSG groundwater role and ensure financial transparency and accountability for the application of levy funds.

FOUR: Ensure a capable and motivated workforce that operates within a performance-based governance framework

Performance indicator:

- A performance oriented workforce and effective governance enabling us to achieve our objectives

Our strategies for meeting this objective include:

- develop and implement a Workforce Plan to attract, develop and retain staff with critical skills, knowledge and experience
- implement effective business processes, policies and systems
- deliver financial performance that gives stakeholders confidence in our outcomes and accountability
- maintain an efficient and effective service level agreement with the Department of Environment and Resource Management (DERM).
Our 2010–11 highlights

Released the first SEQ Water Strategy
15 July 2010: Minister Robertson released the SEQ Water Strategy—an adaptable blueprint for a sustainable, efficient and secure water supply into the future.

Rural Water Advisory Group
2010–11: the Rural Water Advisory Group, established by the Commission, met on five occasions to consider planning for rural water supplies in SEQ—a key action of the SEQ Water Strategy.

Bulk water price path review
December 2010: we completed the review of the 10-year bulk water price path in SEQ, informing a decision to reduce the annual increase in 2011–12 by $5 per household.

Established the Coal Seam Gas (CSG) Water business function
December 2010: amendments to the Water Act 2000 created a role for the Commission—through the work of the CSG Water business group—in relation to the management of cumulative impacts resulting from underground water extraction by the CSG industry.

Developed and commenced the CSG Water work plan
December 2010: the CSG Water business group developed and commenced a program of work to ensure we fulfil our CSG role effectively—meeting statutory obligations, building stakeholder confidence in activities and functions, and accessing the technical expertise required.

Undertook a strategic review of the Commission’s role and activities
1 January 2011: our refined organisational structure became operational to ensure that strategic objectives and priorities are met.

Created a Customer Water and Wastewater Code
1 January 2011: the Customer Water and Wastewater Code developed by the Commission came into effect. The code sets out customer service standards, billing practices and other standards that customers can expect to receive from their distributor-retailer.

Operating Protocol Guideline
January 2011: we worked with the SEQ Water Grid Manager and grid participants to develop an Operating Protocol Guideline which sets out the proposed form and content of operating protocols for grid participants.

Energy and Water Ombudsman Queensland
1 January 2011: the jurisdiction of the former Energy Ombudsman was expanded. The new Energy and Water Ombudsman offers a customer dispute resolution service and has the power to make orders binding on utility water providers.

Released SEQ System Operating Plan 3.2
2 March 2011: we amended the SEQ System Operating Plan (SOP)—which outlines the rules for operating the SEQ Water Grid—to reflect and enable updated policy and infrastructure arrangements, such as revised operating arrangements for the desalination plant.

Wivenhoe Dam full supply volume
January–June 2011: we developed and consulted on a comprehensive report on scenarios related to the full supply volume of Wivenhoe Dam.

Fairer water prices for SEQ
27 June 2011: the Fairer Water Prices for SEQ legislation was assented to. The legislation took effect from 1 July 2011 and places a price cap on distributor-retailer water and wastewater charges (excluding trade waste and recycled water) until 30 June 2013.
Our performance
Toward Q2: Tomorrow’s Queensland

The Commission supports and participates in the Queensland Government’s plan for the future—Toward Q2: Tomorrow’s Queensland. The plan contains five ambitions to address current and future challenges:

- **Strong**—creating a diverse economy powered by bright ideas
- **Green**—protecting our lifestyle and environment
- **Smart**—delivering world-class education and training
- **Healthy**—making Queenslanders Australia’s healthiest people
- **Fair**—supporting safe and caring communities.

Our main contributions are to the Strong and Green ambitions.

Our strategic framework

The Commission’s strategic direction in 2010–11 was set out in our Strategic Plan 2010–14, stating what we intended to achieve in 2010–11 (our objectives), how we would achieve it (our strategies) and how we would measure our success (our performance indicators).
Rural Water Advisory Group

The SEQ Water Strategy highlights that availability and reliability of water for rural production continues to be a major challenge in parts of SEQ. Twelve of 84 key actions identified in the Strategy relate to rural water supplies (for both rural production and rural communities).

One of the key actions identified in the Strategy is the formation of a Rural Water Advisory Group to oversee planning for rural water supplies in SEQ. The group has had five meetings since its inception, the most recent being held on 16 June 2011. The group’s membership is comprised of representatives from the Queensland Farmers Federation, DERM, Seqwater and the Commission, as well as irrigator representatives from the Upper Mary, Mid-Brisbane, Logan Water, Lockyer Valley and Warrill Valley Water Supply Schemes.

By 30 June 2011, two rural water priority projects have been significantly progressed:

1. **Applying to amend the Interim Resource Operations Licence for the Warrill Valley Water Supply Scheme**

   The Commission undertook modelling to provide information on the impacts of a proposed amendment on the operation of the scheme, including likely announced allocations. We also consulted with irrigators (in collaboration with Seqwater) to advise of the impacts of the proposed amendment and obtain an indication of irrigator support for the amendment. The Commission provided a report on the modelling results and a consultation summary report to Seqwater. Seqwater, as the interim resource operations licence holder, then made an application to DERM for the amendment, supported by our reports.

2. **Undertaking a feasibility study of opportunities for using recycled water in the Logan River Water Supply Scheme**

   Prefeasibility studies into the potential for recycled water to be used for irrigation in the Redland Bay area were completed in 2010–11, and a prefeasibility study for the Logan area is now in progress. The prefeasibility studies involved working with irrigators to consider the perceived future demand for recycled water for irrigation in the areas.

   The completed studies will be provided to the Rural Water Advisory Group for consideration of the potential demand for recycled water in these areas and possible future rural water projects.

   Members of the group have expressed positive feedback on its operation, particularly with regard to the benefits it offers in defining critical issues of common interest.

   In 2011–12, a priority project for the Rural Water Advisory Group will be to establish local rural water advisory groups.
Water supply options for Beaudesert and Canungra
The Commission is working with Queensland Urban Utilities, Allconnex Water, LinkWater, Seqwater and the SEQ Water Grid Manager to plan for the appropriate option to secure the future water supplies for these communities.

Facilitate and implement the SEQ Regional Water Security Program
The Commission is required to provide advice to the Minister for Energy and Water Utilities on regional water security options. After completing an option selection process, we provide advice to the Minister on the outcomes sought, options considered and the recommended projects to be adopted in the Regional Water Security Program (RWSP).

The RWSP is one of a number of required (and enforceable) programs and plans specified by the legislative and policy framework for water management in SEQ. The RWSP—made by the Minister—specifies at a high level how regional water security is to be achieved.

The Commission is responsible for monitoring, reviewing and reporting on the implementation of the RWSP.

In 2010–11, we provided advice to the Minister on updated timing for significant infrastructure described in the RWSP.

We report monthly on the regulated projects associated with the RWSP. Reports can be accessed on the Commission’s website at <www.qwc.qld.gov.au>.

Investigate potential sources of supply
An independent review of all work on desalination options to date was completed in 2010–11 in light of the current operating environment of water security in a post-drought context.

The review undertook further analysis and looked at the assumptions and studies to date for desalination plants to meet future water supply needs. The review confirmed that the findings of previous studies are still appropriate.

An assessment of a number of potential options to make additional water available in the Logan Basin area and the future need for the Glendower Dam site was initiated but delayed, as priority was given to work relating to the January 2011 floods. This work will continue in 2011–12.

We also met with Gympie and Sunshine Coast Regional Councils to discuss future possibilities to enhance the volume and reliability of supply to urban users and rural irrigators and other water users in the upper Mary River, and how best to involve key stakeholders in the early stages of any investigations.

The Commission commenced an evaluation of Brisbane River System water storage and flood storage balance implications. We also completed an extensive analysis of the water security implications of varied operating scenarios for Wivenhoe Dam after flooding during January 2011.

Further work is continuing on this issue. At the Minister’s request, we commenced working with Seqwater to undertake a Wivenhoe Dam and Somerset Dam optimisation study which will investigate how these storages can be optimised in terms of flood mitigation and water supply security.

We will be represented on the overarching optimisation study steering committee, and Commission staff will chair the subcommittee for the Water Supply Security Technical Working Group.

Investigate and promote local supplies, such as stormwater harvesting
In 2010–11, the Commission assisted in facilitating the successful implementation of the South Bank Stormwater Harvesting and Recycling Centre.

We also provided ongoing assistance to the Fitzgibbon Stormwater Harvesting Scheme at Fitzgibbon Chase.

The Commission provided assistance to the Urban Water Security Research Alliance (UWSRA) through administrative support and research funding for specific projects investigating decentralised water supply systems in SEQ. This included representation on the UWSRA board and various management committees, as well as reviewing studies completed by the UWSRA.
Objective: Achieve water use efficiency

Performance indicators:
• Regional water use is within planned consumption levels
• Regional water information services provided consistently

Strategies:
Promote efficient water use to SEQ residents and businesses

Ensure appropriate levels of knowledge and compliance with Permanent Water Conservation Measures

Commence a detailed review of the demand management program, including restrictions

The Commission continues to promote efficient water use to SEQ residents and businesses. We distribute information at key times of the year which provides guidance on ongoing water efficiency practices.

For example, by 30 June 2011 we had distributed 290 240 permanent water conservation magnets at more than 15 events—including the Royal Queensland Show (EKKA) at Brisbane and the Home Show—and to retailers, information centres and schools.

The Commission monitors residential and non-residential water use quarterly and identifies trends. The data contributes to demand forecasting and how we monitor our water security position, and is reflected in our annual report on the SEQ Water Strategy.

Elements from the previously published Annual Water Report—such as residential and non-residential water use data—will be incorporated in the SEQ Water Strategy Annual Report.

The Commission has a legislative responsibility under the Water Act 2000 to monitor water restrictions, which we have delegated to distributor-retailers. In 2010–11, ongoing average regional residential water demand for SEQ remained under the voluntary target of 200 litres per person per day. During the 2010–11 financial year, average residential water use was 163 litres per person per day.

In light of our current water security and the first-class water conservation undertaken by SEQ residents and businesses, the Commission commenced a major review of demand management and water use efficiency in 2011.

The objectives of the review are to:
• assess the demand management approach, and priorities for encouraging efficient water use
• develop a water use efficiency policy for SEQ
• identify the range of water use efficiency options and the appropriate mix of options needed to address regional water security in SEQ
• develop a framework for evaluating suitable water use efficiency options
• assess the existing water use efficiency measures against the framework
• make recommendations on the appropriate responsibilities for compliance and enforcement functions for the future.

The final report on the review is due in 2011–12.

Deliver specialist data management forecasting and information evaluation services

The Commission’s water information management system—the WaterHub—is a centralised, web-based modular platform that stores, analyses and provides secure access to water-related information.

Earlier this year, we commenced a review of our forecasting methodology and Demand Management Forecast (DFM) model input assumptions. The review is due for completion in 2011–12.

The Commission is undertaking work to enhance the WaterHub DFM Module to improve the data input screens and simulation functionality. We aim to complete testing and implement the enhancements by April 2012.

We also made some minor WaterHub system adjustments, with output file reporting changes implemented to ensure data is provided to the Bureau of Meteorology in the format it requires.

Further WaterHub system enhancements completed the automation of data population in the Water Dashboard—a public water information portal and central source of information about water in Queensland—to reduce manual input requirements.

The Commission’s work in enhancing the WaterHub ensures its effectiveness as a data management and reporting tool which supports effective analysis and planning.

Future directions

In 2011–12, the Commission’s priorities for demand management and water supply will be to:
• adopt an adaptive planning approach and undertake an annual review of the SEQ Water Strategy in light of changed circumstances to ensure that long-term regional outcomes are secured, while also addressing key short-term issues and opportunities
• take timely action to preserve future supply options
• review our approach to demand management in a post-drought context with a view to encouraging efficient water use
• continue to develop capabilities and information required to inform sound regional and sub-regional planning
• constructively engage with stakeholders and the SEQ community on key issues for planning and management of the region’s water supply.

Objective: Achieve water market efficiency

Performance indicators:
• Annual review of the operation and effectiveness of the market rules conducted
• Regulatory requirements completed on time

Strategies:

Manage the System Operating Plan (SOP) which facilitates the achievement of the desired Level of Service objectives for the region

The SEQ System Operating Plan (SOP) outlines the rules for operating the SEQ Water Grid to help achieve the desired Level of Service objectives.

On 2 March 2011, after consultation with key stakeholders, the Commission amended the SOP to reflect and enable updated policy and infrastructure arrangements—including revised operating requirements for the desalination plant, connection of Maleny to the SEQ Water Grid, and other administrative changes.

The SOP requires the SEQ Water Grid Manager to prepare an operating strategy outlining how the SEQ Water Grid will be operated. The operating strategy will focus on operation over a 12-month period, and be submitted to the Commission for approval at six-month intervals.

The Commission approved an operating strategy in April 2011.

Purified recycled water

In considering the potential future use of purified recycled water in SEQ, the services of the Purified Recycled Water Expert Advisory Panel for the Western Corridor Recycled Water Scheme were maintained and the panel met again in 2010–11. The next panel meeting is proposed for October 2011.

The Queensland Government made a decision in early December 2010 to place the SEQ (Gold Coast) desalination plant on standby mode, and to place parts of the Western Corridor Recycled Water Scheme into standby. All these manufactured water supplies are critical to ensuring water security is maintained in SEQ, particularly if we have another severe drought. To ensure that these assets continue to be maintained so they can be used as and when required, the Commission commenced work, using the SOP, that will result in preparation of a manufactured water readiness plan. We developed a draft framework for preparing the plan and undertook consultation with key stakeholders in the second half of 2010–11.
Price capping distributor-retailer water charges

Water and sewerage bills in SEQ have two parts:

1. distributor-retailer charges which include charges for water consumption, connection to the water network and connection to the sewerage network
2. a State bulk water charge to recover the cost of delivering wholesale treated drinking water delivered to the distributor-retailer from the water grid.

In 2010–11, the Commission developed legislation supporting the Queensland Government’s announcement on 7 April 2011 of a key change affecting SEQ’s water structure and delivery. This included the introduction of a price cap on the distribution and retail charges for residential and small business customers, effective from 1 July 2011.

The Fairer Water Prices for SEQ Water Amendment Act 2011 limits any increases to the distribution and retail charges to no more than the Consumer Price Index (CPI) for a two-year period, until 30 June 2013.

Other changes have been introduced to help keep price increases moderate after this time. Councils must publish a price mitigation plan and implement a five-year price path, showing how they intend to moderate the impact of price increases on customers after the CPI price cap ends.

Bulk water prices

Following analysis and recommendations by the Commission, the Queensland Government announced a 10-year bulk water price path for SEQ in 2008. The price path eased the price impact of the SEQ Water Grid for customers.

In 2010–11, we undertook an interim review of the bulk price path model and the price path was revised, to take account of operational savings and continued water conservation by SEQ households.

The revised price path will mean that for the average household in 2011–12, the State bulk water price will increase by $5 less than previously announced.

The Commission will undertake a full review of the bulk water price path during 2011–12, to be in place in 2013–14.

SEQ irrigation prices

As part of the institutional reforms in SEQ water, Seqwater commenced supplying irrigators and businesses in SEQ with raw water at prices carried over from the previous supplier, SunWater. This price path finished on 30 June 2011.

The Commission met with SEQ irrigators in their local areas to discuss the decisions to be made regarding pricing and the proposed process for ensuring prices are cost-reflective and fair. The meetings were positive, and enabled the Commission to identify key local irrigation issues for consideration.

1 An average household consists of three people using 200 litres/person/day, equivalent to 200 kilolitres per year.
Plan and develop the long-term pricing principles, the regulation framework and the transition to the Queensland Competition Authority (QCA) as economic regulator

As the Rules Administrator for the SEQ water market rules, the Commission is responsible for the administration and enforcement of the market rules, monitoring compliance with the market rules and the effectiveness of the market rules.

In 2010–11, we made amendments to some sections of the market rules. The amendments were made to clarify the role of the QCA in investigating and making recommendations on grid service charges from 2011–12. We supported the QCA’s transition to this role by providing relevant information on the process.

On 1 July 2010, the QCA commenced its interim price monitoring role, aiming for distributor-retailers’ pricing practices to be fully explained and reflect the cost of delivering water and wastewater to customers.

We will continue to advise the Minister on the QCA’s recommendations and reports in the future.

We also worked with the SEQ Water Grid Manager and grid participants to develop an Operating Protocol Guideline under the market rules. The guideline—approved in January 2011—sets out the proposed form and content of operating protocols for grid participants.

The guideline was developed after several workshops were held with grid participants to progress the draft and to improve the level of understanding of the risk and liability arrangements in the market. This collaborative approach to stakeholder engagement received positive feedback from the participants.

The Commission continued to monitor compliance with the market rules by participants, and facilitated the entry of the distributor-retailers into the SEQ water market.

We commenced work towards our annual review of the market rules in May 2011, and stakeholder consultation will continue in 2011–12.

Work to support the Minister’s statutory review of the market rules also commenced in May 2011, with a focus on the operation and effectiveness of the rules. A report on the outcome of the review will be tabled in the Legislative Assembly.

In conjunction with this work, the Commission commenced a review of contracts between the SEQ Water Grid Manager and water grid participants. As grid contracts are a critical part of the legal and regulatory framework for water services in SEQ, the review aims to promote best practice regulatory design and improve operational effectiveness.

In 2011–12, we will continue to take an active role in facilitating this change in pricing and regulation.

In 2011–12, the Commission will continue to implement market efficiencies into the future, including providing assistance and guidance to distributor-retailers as they prepare Water NetServ plans which provide planning for:

- strategic business operations
- delivering infrastructure within at least a 20 year time horizon
- delivering a safe, reliable and secure water and wastewater service
- integrating land use planning by the state and local governments
- managing the water and wastewater services in a way that seeks to achieve ecological sustainability.

As an interim measure, the Commission developed a direction notice under the Water Act 2000 to enable Seqwater to continue charging irrigation customers, with irrigation water tariffs capped at a CPI increase. We are also working towards establishing the framework for an independent review to be undertaken by the Queensland Competition Authority (QCA).

In consultation with DERM, the QCA, Seqwater and Queensland Treasury, the Commission is developing another direction notice. This notice will direct the QCA to conduct a thorough investigation and recommend a new price path for irrigation tariffs.

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In 2011–12, a key priority is to finalise work to support the Minister’s statutory review of the market rules, the annual review of the market rules and the Grid Contracts review to maximise the operation and effectiveness of the SEQ water market.

Design and develop the arrangements for customer service standards and policies to move to a Customer Code from 1 July 2011

A key achievement in 2011–12 was the development of the Customer Water and Wastewater Code and the Energy and Water Ombudsman’s dispute resolution scheme six months earlier than planned, from January 2011.

Customer code

The Customer Water and Wastewater Code is made by the Minister with assistance from the Commission. It details the rights and obligations between the distributor-retailers and their small customers.

The code became operational on 1 January 2011, and sets out customer service standards, billing practices and other requirements that small customers—such as residents and certain small businesses—can expect to receive from their distributor-retailer.

In developing the code, we established a working group with key stakeholders including all three distributor-retailers.

We also worked with the former Energy Ombudsman of Queensland, the Queensland Council of Social Service (QCOSS), officers from the Department of Employment, Economic Development and Innovation, and other consumer interest groups in expanding the role of the former Energy Ombudsman to include certain water and wastewater matters outlined in the code.

The Energy and Water Ombudsman Queensland (EWOQ) is a free dispute resolution and investigation service that can hear complaints about non-compliance with the requirements of the code—for example, failure by distributor-retailers or small customers to meet their obligations as outlined in the Customer Code.

The EWOQ has the power to make orders binding on distributor-retailers, such as paying compensation or making corrections.

The Commission continues to monitor customer protection issues at a strategic level under a memorandum of understanding with the EWOQ. The EWOQ must report all public interest and systemic issues reported to the Commission so we can consider them and determine whether they can be addressed through the code or other instruments, such as legislation.

Future directions

In 2011–12, the Commission’s priorities in the area of water reform will be to:

- undertake a stocktake of progress with SEQ Water Market reforms and agree on priorities for ongoing action
- review SEQ Water Market design and market rules to ensure the ongoing efficient operation and clarity of roles and accountabilities of water entities
- review and implement institutional and regulatory reforms to ensure they achieve desired outcomes
- review the 10-year bulk water price path in SEQ
- engage effectively with stakeholders to identify and manage key risks in the ongoing implementation of SEQ institutional and regulatory arrangements
- systematically monitor and report on the performance of the SEQ Water Market and on compliance with regulatory requirements
- further strengthen the information base and expertise needed to underpin advice on development of the SEQ Water Market.
Develop groundwater models and coordinate monitoring and research

The first CMA in Queensland—the Surat CMA—was established on 18 March 2011.

The Surat CMA encompasses the potentially affected part of the Surat Basin as well as the southern part of the Bowen Basin, because of the potential for interflow of water between the basins.

The Commission has commenced preparation of an Underground Water Impact Report for the Surat CMA. The final report is due by 18 May 2012—14 months after the CMA was declared. A draft must be published for public consultation before the report is submitted. We intend to publish the draft by the end of 2011.

The Commission is building a regional groundwater flow model for the Surat CMA which will simulate the way water moves through aquifers. The model will encompass the Surat Basin and the southern part of Bowen Basin, and will be based on data that is currently available. The Commission is working closely with CSG companies to ensure all relevant data is incorporated, and has established arrangements for independent experts to advise on the model’s construction.

The model will be used to predict future reductions in water levels in adjacent aquifers in the Surat CMA. The predictions will be set out in the Surat Underground Water Impact Report.

The model, currently under construction, will be built using current knowledge. Knowledge will improve over time as the results of monitoring the response of the system to development becomes progressively available.
Knowledge will also improve as a result of research activity. The Commission is working closely with research bodies to promote research that will improve knowledge in a practical way. We will incorporate learnings in future generations of the model, to progressively improve predictions about water levels.

The Surat Underground Water Impact Report will include a regional water monitoring strategy. In 2010–11, we worked with key stakeholders to collect the details of current and planned monitoring networks. The Commission will develop a regional monitoring strategy that will fill gaps in the currently planned network.

A decline in water levels can affect the flow of water to springs, with some springs in the CMA of high value. In November 2010, the Commission held a workshop for key stakeholders and nationally recognised spring experts. The workshop made a preliminary assessment of the completeness of the datasets held about springs in the Surat CMA. This enabled us to plan a targeted approach to spring assessment activities. The workshop also identified best practice methodologies for monitoring springs.

From the workshop outputs, the Commission designed a program involving a desktop classification of the data about springs in the existing datasets—to more clearly define gaps—and developed a field program to fill high priority knowledge gaps. These projects were designed in consultation with the key stakeholders and spring experts. The field program was commenced in early April 2011.

Future directions

The CSG Water business group operated with a permanent staff of nine in 2010–11, with plans to increase to 13 permanent staff to build capacity in database and information management areas and provide greater capacity for technical project support.

A core staff with strong technical capacity will deliver the new groundwater management functions, supported by contractors where appropriate. Four of the permanent nine officers—including the General Manager of the group—are experts in hydrogeology, with extensive experience in groundwater management. Two other officers have extensive experience in groundwater and water resource management and management of springs of the Great Artesian Basin. The other three officers provide support in data and information management, contract management and business management.

The Commission is supported with expert advice from a technical advisory panel. Panel members are skilled in hydrogeology, hydrochemistry, groundwater modelling, and spring ecology.
Supporting our objectives

Strategic governance and risk

As part of the Commission’s organisational realignment in 2010–11, a strategic governance and risk function provided high level strategic advice to the Commission.

The function is responsible for ensuring the Commission has in place effective governance arrangements and appropriate policies, systems and procedures to underpin strategic direction and priorities, properly manage resources and risks, and enable the Commission to meet its accountability requirements.

It is also responsible for the Commission’s compliance functions, providing advice on legal, regulatory and compliance issues, and managing strategic projects.

These strategic functions are critical priority projects for the Commission and complement the corporate operational support, corporate governance support and communications support provided by DERM.

The primary strategic governance and risk focus during 2010–11 was implementing the Commission’s new organisational structure, leading strategic and operational planning across business groups, and continuing to improve business processes and procedures.

A program of activities to strengthen the Commission’s governance, risk and compliance framework was commenced. Work was undertaken to review the risk management policy and procedure in line with the Australian/New Zealand Standard for risk management—AS/NZS ISO 31000:2009. We also commenced developing a compliance program aligned to the Australian Standard on compliance programs—AS3806-2006.

We established a business continuity plan—an element of the risk management framework—to provide for a strategic, coordinated and prompt response to any major disruption to business operations.

New internal auditors were engaged in 2010–11. The Commission worked with the internal auditors to review strategic and operational risks and develop a three-year audit plan focussed on compliance, regulatory, financial and operational assurance.

A number of strategic projects were undertaken in 2010–11, including the migration of our website into DERM’s corporate web infrastructure and a whole-of-Commission modelling governance review aimed at ensuring robust and effective governance arrangements for our modelling activities. Agreed recommendations arising from the review will be implemented in 2011–12.

Through the General Counsel, strategic and legal advice was provided to the Commission on issues relating to the agency’s responsibilities, policies and projects.

High level executive support was provided to the Commissioner and Chief Executive Officer for the effective management of Commission, committee and executive management meetings.

In March 2011, the General Counsel supported the Commission in making a submission to the Queensland Floods Commission of Inquiry (Commission of Inquiry) and responded to several requests to provide information, documents and records to the Commission of Inquiry pursuant to section 5 of the Commission of Inquiry Act 1950.

The Commissioner and Chief Executive Officer provided statements to the Commission of Inquiry and gave evidence at hearings held in Brisbane in May 2011.

The strategic governance and risk function also supports the Commission in its role as Rules Administrator for the SEQ Water market rules (see page 21).

Future directions

Key priorities for strategic governance and risk in 2011–12 are to:

- develop and implement a workforce plan to attract, develop and retain staff with critical skills, knowledge and experience
- implement effective business processes, policies and systems
- deliver financial performance that gives stakeholders confidence in our outcomes and accountability
- maintain an efficient and effective service level agreement with DERM.
## Operational performance summary

The Commission’s service standards, targets and estimated actual results are contained in the Service Delivery Statements that form part of the State Budget documentation each year. Service Delivery Statements provide budgeted financial and non-financial information for the budget year. Our 2010–11 operational performance is reported through the Service Delivery Statement, as shown below.

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<tr>
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</thead>
<tbody>
<tr>
<td>Percentage of actions in the Regional Water Security Program undertaken on time</td>
<td>1</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Percentage of actions in the Water Reform Program undertaken on time</td>
<td>2, 4</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Average annual water consumption across SEQ as a whole (and within key sub-regions) as compared to consumption targets</td>
<td>3</td>
<td>a) Met total residential. b) Met total residential key sub-regions.</td>
<td>a) Met b) Met</td>
</tr>
</tbody>
</table>

Notes:
1. New service standard introduced reflects the QWC's objectives to achieve a sufficient quality and quantity of water for SEQ. Key actions for 2010–11 relate to 5 projects that include the Hinze Dam Stage 3, Northern Pipeline Interconnector Stage 2, Wyaralong Dam, Wyaralong Water Treatment Plant and the Cedar Grove connector to the Wyaralong water treatment plant.

   The Queensland Government have agreed that commencement of construction of the Wyaralong water treatment plant and associated infrastructure at this time will be no earlier than 2014, with an update as part of the annual review of the SEQ Water Strategy.

2. Key actions for 2010–11 include the development and implementation of the Customer Code, providing for the transition to the longer-term economic regulatory framework to be administered by the Queensland Competition Authority, ongoing monitoring and administration of SEQ water market rules, further development of the regulatory framework supporting infrastructure planning.

3. This is a service standard of achieving water use efficiency and can be measured through analysis of WaterHub data.

4. This service standard may be influenced by other key stakeholders possibly resulting in delayed delivery of some actions. The issue has been taken into consideration in formulating the target.

In implementing the Queensland Government Performance Management Framework, we have reviewed our service structures and service standards to improve performance data and provide better information on the effectiveness and efficiency of Commission services.

The 2011–12 Service Delivery Statement sets out our new service standards, targets and measures for the year ahead. Our new and amended measures allow the Commission to better capture meaningful and assessable information.

<table>
<thead>
<tr>
<th>2011–12 service standards</th>
<th>Notes</th>
<th>2011–12 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finalisation of SEQ Water Strategy actions on time and within budget</td>
<td>1</td>
<td>90% - 100%</td>
</tr>
<tr>
<td>Institutional and regulatory framework improvements delivered on time and within budget</td>
<td>2</td>
<td>85%-90%</td>
</tr>
<tr>
<td>Average residential daily water consumption in SEQ region</td>
<td>3</td>
<td>&lt;200 litres per person, per day</td>
</tr>
<tr>
<td>Independent technical expert panel members’ satisfaction that the Surat Underground Water Impact Report provides sound, evidence-based advice</td>
<td>4</td>
<td>80% - 85%</td>
</tr>
</tbody>
</table>

Notes:
1. New measure reflects the Commission’s efficiency in planning for the provision of a safe, secure and sustainable water supply for SEQ to achieve the desired Level of Service objectives. This is a measure that enables an assessment of the suite of SEQ Water Strategy actions.

2. Amended measure reflects the Commission’s efficiency in improving the institutional and regulatory frameworks to enable efficient and cost-effective service delivery to water customers in SEQ. This measure is a description of reform actions that enables an assessment of the institutional framework affecting the water sector. This service standard may be influenced by other key stakeholders, possibly resulting in delayed delivery of some actions. This issue has been taken into consideration in formulating the target.

3. Amended measure reflects the Commission’s effectiveness in planning for the provision of a safe, secure and sustainable water supply for SEQ to achieve the desired Level of Service objectives. This measure provides information on the voluntary residential water consumption target for SEQ residents.

4. New measure reflects the Commission’s effectiveness in providing sound, evidence-based advice on management of the impacts of coal seam gas extraction on underground water resources. This measure may be influenced by a minority of expert panel members not being satisfied with the advice. This issue has been taken into consideration in formulating the target.
Financial performance summary

Our financial performance

Our income statement shows our total income for 2010–11 from all sources was $20.294 million, with total expenditure of $19.446 million. The operating surplus will be used to fund underground water management operating expenditure and capital acquisitions including the completion of the Surat Cumulative Management Area groundwater flow model and the CSG Water database.

Income

The Commission’s total income for the period was $20.294 million. The sources of our income included a Water Service Provider levy of $16.376 million, a Queensland Government grant of $3.320 million, and $0.598 million in other revenue—including bank interest revenue and recovered rent for surplus office accommodation.

Expenses

The Commission’s total operating expenses for 2010–11 were $19.446 million. Our major expenses in delivering services under the Water Act 2000 included employee expenses, and supplies and services.

Employee expenses for the period were $6.381 million representing 33 per cent of total operating expenses.

Supplies and services of $12.049 million included consultants and contractors providing specialist expertise, service provider costs for corporate services provided by DERM and Queensland Shared Services, operating leases for the Commission’s office accommodation, and other general supplies and services. This category of expenses was the Commission’s largest in total, representing 62 per cent of total expenditure.

The remaining expenses included depreciation and amortisation (primarily related to leasehold improvement and the WaterHub respectively) and other expenses. The ‘other expenses’ category includes items such as audit fees and insurance premiums.

Our financial position

Our Statement of Financial Position provides an indication of the Commission’s net assets at 30 June 2011. It is calculated by measuring what we own and subtracting what we owe.

Our total assets at 30 June 2011 were $13.346 million with total liabilities of $9.806 million, resulting in net assets of $3.540 million. Our liquidity ratio (or current assets over current liabilities) of 1.2 demonstrates the Commission’s ability to maintain a satisfactory level of working capital.

Our assets

At the end of the financial year, we had larger than usual cash reserves in order to pay creditors including unspent Water Service Provider levies (which are credited against 2011–12 Water Service Provider payments) and unspent ‘seed funding’—provided for the underground water management function—which will be used to finance operating expenses and the acquisition of assets for this function.

The Commission’s major assets are the leasehold improvement asset associated with our offices at 53 Albert Street, Brisbane included in property, plant and equipment, and the WaterHub Modular Information System—an intangible asset which is key in providing one of the Commission’s core business deliverables.
In 2010-11, the Commission commenced the development of the Surat Cumulative Management Area groundwater flow model which will become a significant tool used in the provision of our underground water management service.

Our liabilities
Our liabilities consist of trade creditors, including the unspent Water Service Provider levy from 2010–11, accrued employee entitlements and lease incentive liability associated with the leasehold improvement at 53 Albert Street.
Our corporate governance
Our organisational structure

Ms Boydell’s former appointments include: Chairperson of the Rural Industries Research and Development Corporation; Board Member of the Queensland Bulk Water Supply Authority; and a Director of South East Queensland Water Corporation Limited, BSES Limited, Austrade (Australian Trade Commission) and Burnett Water Pty Ltd.

The Commissioner is responsible for the strategic policy direction of the Commission.

Remuneration of the Commissioner

The Commissioner is remunerated in accordance with the Department of Justice and Attorney-General policy Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities.

Executive Management Team

The Executive Management Team is comprised of:

- the Chief Executive Officer
- the General Managers of each of the four Commission business groups (Regional Planning and Policy; Water Reform; CSG Water; Strategic Governance and Risk)
- the Director, Corporate Services, DERM.

The Executive Management Team provides advice to the Commission on the development of our strategic direction, and is responsible for the delivery of key operational activities through a range of plans, strategies and policies.

The new structure was progressively introduced through the 2010–11 financial year at General Manager level, with leadership arrangements as follows.

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**Commissioner**

Mary Boydell  
BComm, FCA, MAICD

**Term of appointment: 19 June 2009–18 June 2012**

Ms Mary Boydell was appointed as Commissioner on 19 June 2009. Ms Boydell is a Chartered Accountant with experience in professional services firms, private business and commerce.

Ms Boydell is also Chairperson of the Gladstone Area Water Board, a Director of Energex Limited, a Board Member of the CSIRO and a Director of Unquest Pty Ltd and UATC Pty Ltd. Ms Boydell is currently a member of the Standing Committee of the Smart State Council established by the Premier of Queensland and the Surat Basin Engagement Group.
Chief Executive Officer

Karen Waldman
BSc (Arch), BArch (Hons), MBA, GAICD

Karen Waldman is the Chief Executive Officer of the Queensland Water Commission, and is responsible for its efficient and effective administration and operation. Karen has held this role since May 2010.

Karen has worked in water and electricity for the past 20 years, mainly in New South Wales (NSW). Most recently, Karen was involved in the implementation of water reform in SEQ in regulatory, planning and operational roles at the distribution-retail level. In NSW, Karen held various general manager positions at Integral Energy and was responsible for developing business strategy, economic regulatory outcomes, environmental and demand management and climate change plans and initiatives.

Before working for Integral Energy, Karen was employed by Sydney Water, where she held a number of positions including Regional Manager Central Region and Senior Strategic Planner. Before joining Sydney Water, she was Managing Director of her architectural and construction company, specialising in project management.

Acting General Manager, Water Reform

Gayle Leaver
Bachelor of Arts, Australian and Comparative Studies, Griffith University, Brisbane, Australia

Graduate Diploma in Education, GAICD

Gayle Leaver joined the Commission in August 2007, working initially in demand and efficiency before moving into water reform. Gayle has more than 20 years of public sector experience, primarily in energy (including energy efficiency and gas market reforms such as third party access arrangements and CSG development) and water reform areas.

Gayle is the Acting General Manager, Water Reform and has broad ranging responsibilities covering market efficiency, including bulk water pricing, and the development and implementation of customer protection measures through the Customer Code. More recently, Gayle has implemented the CPI price cap at the distribution and retail level.

Acting General Manager, Regional Planning and Policy

Tad Bagdon
BEng (Elec), BEc

Tad Bagdon is the Acting General Manager, Regional Planning and Policy. He was responsible for the finalisation of the SEQ Water Strategy, its ongoing implementation and review, as well as other actions required to ensure water security for SEQ. This ranges across infrastructure development, demand management programs, detailed modelling analysis of demand and supply, and drought management planning including restriction regimes.

Prior to joining the Commission, Tad held a range of water-related positions which included the development and implementation of water resource plans in SEQ, the finalisation and implementation of the Queensland Water Recycling Strategy and the delivery of statewide water conservation programs including WaterWise. He has extensive experience in sustainability and the implications of climate change on water and energy resources. Tad is a member of the Australian Water Association.

Tad’s background also includes development and delivery of sustainable energy programs, implementation of advanced technology production systems such as robotics in manufacturing industry, customer service systems management in the energy industry, delivery of industry assistance programs for the federal government, and strategic analysis in the defence sector.

General Manager, CSG Water

Randall Cox
BSc, MSc, Graduate Diploma in Public Management

Randall Cox joined the Commission in October 2010. Prior to that Randall held director positions in water policy within DERM. He played a significant role in developing national water reform policy particularly in the areas of water entitlement systems, water resource planning and water trading.

Randall had a key role in the development of both the Commonwealth and State management plans for the Great Artesian Basin, as well as the Great Artesian Basin Sustainability Initiative—a program to assist in the repair of old artesian stock water supply bores. Randall is a trained hydrogeologist. Before moving into policy roles he carried out assessments of groundwater resources.

Randall is the General Manager, CSG Water with responsibility for providing sound, evidence-based advice on management of the impacts of CSG extraction on underground water resources.
General Manager, Strategic Governance and Risk

Margaret Hoekstra
BBus, Graduate Certificate in Management

Margaret Hoekstra has more than 25 years experience within the public and private sectors, operating at the senior and executive management level in a variety of roles across corporate governance, women’s policy and service delivery, strategic and operational procurement, and domestic and commercial insurance.

Margaret holds graduate and postgraduate qualifications in management and an Affiliate Diploma in General Insurance. She is also a Fellow of the Australian Institute of Management. Margaret is currently undertaking studies towards a degree in social science (psychology).

The General Manager, Strategic Governance and Risk is responsible for strategic governance and risk management, and the provision of expert advice regarding external regulatory and compliance matters as they relate to the role of the Commission.

Margaret Hoekstra undertook this position until 31 March 2011.

Director, Corporate Services, DERM

David Suthers

David Suthers has worked in Queensland’s public sector for more than 20 years and has extensive experience in sustainable organisational restructure. David has worked in diverse areas across workforce management, finance, procurement, and information and communication technology support and systems.

As the Director of Corporate Services, David leads and manages the delivery of corporate operational and governance support to the Commission under a service level agreement. He is responsible for effective account, relationship and stakeholder management concerning the agreement.
In 2010–11 the committee met on five occasions—four regular meetings and one special meeting to approve the Commission’s financial statements.

During the year, the committee had oversight of a number of key activity areas, including:

- review of the 2009–10 financial accounts
- implementation of audit recommendations, including those arising from a review of processes to manage website information technology controls and security
- review of modelling governance
- selection and appointment of new internal auditors
- development of the Commission’s strategic risk register
- development of an integrated governance, risk and compliance framework; a compliance policy; and a revised risk management policy and procedure
- business continuity planning
- compliance with the State Procurement Policy and review of the Commission’s procurement policy

Remuneration to the independent chair of the ARMC is determined at the discretion of the Commission in accordance with best practice. In 2010–11 remuneration to the two chairs totalled $11,682.

Service Level Agreement Review and Management Committee

The Service Level Agreement Review and Management Committee considers and helps resolve service delivery issues about corporate services and communication operations that are raised by the Commission or DERM.

The committee provides advice to the account managers for both agencies. The committee’s focus is on performance and procedural issues. It also contributes to the review and development of service level agreement obligations to ensure business requirements are addressed.
Shared Values Committee

The Shared Values Committee (SVC) generates and contributes to initiatives aimed at the implementation and promotion of shared values throughout the Commission. It acts as a conduit between senior management and staff to generate ideas and feedback relating to our core values.

The SVC is comprised of:
- the Chief Executive Officer (invitee)
- a senior leadership representative (membership on a rotational basis)
- a human resource nominee
- at least one staff representative from each business area.

The chair is a staff representative, and all SVC committee members are endorsed by colleagues for a period of 12 months.

The SVC meets on an as-needs basis as determined by its chair, but at least monthly. Meetings times are planned and shared in a timely manner to give representatives every opportunity to attend.

SVC activities include, but are not limited to:
- promoting the Commission’s shared values and ethical culture
- working to integrate teamwork across the Commission
- contributing to staff health and wellbeing strategies
- disseminating information and providing feedback to business area staff meetings
- holding ‘coffee forums’ on issues of interest.

SVC coffee forums have included presentations by industry groups on heart health, cancer prevention and nutrition. The SVC also initiated the 2011 round of influenza vaccinations for Commission staff.

In early 2011, the SVC coordinated and supported staff participation in the Queensland Corporate Games held 13-15 May 2011.

The committee plays a key role in coordinating a calendar of events to facilitate the Commission’s contribution to major charities and to encourage staff participation in major charitable sporting events. Such sporting events are communicated to all staff and staff are actively encouraged to participate on the basis that a proportion of participation fees paid by the Commission are contributed to a registered charity.

Expert Advisory Panel

The Commission established an expert advisory panel to provide independent advice on technical issues associated with the regulatory framework for purified recycled water and the Western Corridor Recycled Water Scheme.

The panel also provides advice about technical issues associated with the treatment and use of purified recycled water, including:
- water quality criteria for purified recycled water
- the capability of the proposed technology
- commissioning and validation requirements
- ongoing monitoring requirements
- the scope and content of the Recycled Water Management Plan
- responses to incidents in recycled water quality or system performance
- reporting requirements for water quality.

The panel has internationally recognised expertise in ecotoxicology, environmental science, microbiology, and advanced water treatment. It contributes to ensuring that Australia’s first major purified recycled water project remains at the forefront of international expertise in the field of advanced water treatment.

The Commission provides financial support to the panel, including remuneration for members’ attendance at meetings and an amount for travel. Honorarium payments made to panel members in 2010–11 totalled $25,058.78.

Panel members in 2010–11 were:
- Chair Professor Paul Greenfield AO (Vice-Chancellor, University of Queensland)
- Professor Linda Blackall (microbiologist, Australian Water Management Centre, University of Queensland)
- Professor Richard Bull (ecotoxicologist, Washington State University)
- Professor David Hamilton (environmental scientist, University of Waikato)
- Dr Zelle Hodge (past president of the Australian Medical Association Queensland)
- Brian Priestly (ecotoxicologist, Australian Centre for Human Health Risk Assessment)
- Dr Joan Rose (microbiologist, Michigan State University)
- Harry Seah (advanced water treatment expert, Singapore Public Utility Board).
Managing and monitoring our performance

The Commission manages its performance in line with the Queensland Government Performance Management Framework (PMF). Our strategic management cycle is an integrated approach to planning, budgeting, performance management and corporate governance.

The Commission bases its decisions about planning, resource allocation and management, monitoring, and performance on the PMF.

Under the PMF, we ensure the Queensland Government’s objectives for the community inform our agency objectives and performance indicators, and services and service standards. Key corporate documents such as strategic plans, budget documentation and annual reports are used to report on our performance.

In implementing the PMF, the Commission has reviewed its service structures and service standards to improve performance data and provide better information on the effectiveness and efficiency of its services.

New and amended performance measures for 2011–12 allow the Commission to better capture meaningful and assessable information.

Our portfolio Ministers are the Minister for Water Utilities, the Honourable Stephen Robertson MP and the Minister for Environment, the Honourable Vicky Darling MP. We report to our Ministers in accordance with the provisions of the Water Act 2000.

The Commission’s performance is closely monitored internally. In 2011–12, the Executive Management Team and Commission will review finance, project, human resources and operational performance reports on a monthly basis in line with our 2011–12 scorecard.

Risk management

Our risk management approach meets the international risk management standard, AS/NZ ISO 31000:2009. Risk management is embedded in our business activities and systems—including strategic and operational planning, project management and other decision-making processes.

In 2010–11, as part of the Commission’s strategic review, projects identified as having high priority were declared critical and closely monitored by the Executive Management Team and Commission through regular formal reporting.

Following the Commission’s strategic review, business groups undertook a planning process as part of the strategic management cycle. Strategic and operational risks were identified and assessed.

Our strategic risks were incorporated into the Strategic Plan 2011–15. Together with their treatment plans, strategic risks are captured in a risk register for regular monitoring and reporting.

Our operational risks and their treatments were incorporated into business group operational plans for 2011–12. Operational risks are also monitored and reported on regularly.

Internal audit

The Commission’s internal audit function operates under a formal charter that provides for the nature, role, status, authority and responsibility of internal audit.

The charter was developed in the context of the:

- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009
- Audit Committee Guidelines: Improving Accountability and Performance 2008 (Queensland Treasury)

We are currently reviewing the charter to ensure it is contemporary and provides for the effective, efficient and economic operation of the Commission’s internal audit function.

The internal audit function’s primary aims are to provide independent, objective assurance to the Commission—through the ARMC—on the state of risks, internal controls and organisational governance, and to provide management with recommendations to enhance current systems, processes and practices.

Its secondary aim is to assist the Chief Executive Officer and senior management in the effective discharge of their responsibilities to the Commission—in the areas of risk management, internal control and corporate governance—by providing independent appraisals of the adequacy and effectiveness of the risk management and internal control systems and governance frameworks.

The Commission allocates its internal audit resources based on an annual internal audit plan that takes into account:

- qualitative risk assessments of operations performed in consultation with the Executive Management Team
- strategy and business objectives
- any special tasks or projects requested by the Chief Executive Officer, the Commissioner or the ARMC, having regard to the internal audit service provider’s primary responsibilities
- input from the Chief Executive Officer, the Commissioner or the ARMC
- input from the Commission’s external auditor.
In 2010–11, we engaged PricewaterhouseCoopers as our internal auditors. The internal audit team:

- reviewed the Commission’s corporate risk information—including strategic and operational risks and their treatment plans
- worked with the Commission to develop a three-year audit plan focussing on financial, compliance and process improvement, and operational aspects of the Commission’s business
- had due regard to Queensland Treasury’s Audit Committee Guidelines.

Future directions

The Commission has moved to integrate its governance, risk and compliance systems. Our governance, risk and compliance framework guides the way the Commission manages the performance of its functions and operations. Under the framework, common policies, processes, procedures and controls will be standardised and consistently implemented across the Commission.

Consultancies

When expertise is required for short periods on specific projects, and it is not efficient or viable to employ specialists as Commission staff, consultants are engaged to assist in achieving our objectives.

In 2010–11, we spent $736,379 on consultants. These consultancies contributed to quality assurance, demand management and water efficiency, regional water supply and security, and water reform work.

The table below details the amount spent by the Commission on consultants during 2010–11.

<table>
<thead>
<tr>
<th>Type of consultancy service</th>
<th>Total expenditure 2010–11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultancy service to provide organisational strategic review and design, workforce planning and risk management</td>
<td>$186,745</td>
</tr>
<tr>
<td>Consultancy service to provide quality assurance review on modelling</td>
<td>$51,042</td>
</tr>
<tr>
<td>Consultancy services to deliver regional water supply and security work program</td>
<td>$284,853</td>
</tr>
<tr>
<td>Consultancy services to deliver water reform work program</td>
<td>$213,739</td>
</tr>
<tr>
<td></td>
<td><strong>$736,379</strong></td>
</tr>
</tbody>
</table>

Overseas travel

There was no overseas travel in 2010–11.

Information management and recordkeeping

The Commission has a wide range of documents and records held in electronic and hard copy format including reports, maps, plans, audio-visual materials, general correspondence, agency publications, financial records and policy documents.

We have an approved documents and records management policy, and are currently reviewing a number of records and document management standards. Once this work is completed, an internal training program will be developed for Commission staff.

We have commenced a records management work program addressing the requirements of Information Standard 31: Retention and disposal of public reports, and Information Standard 40: Recordkeeping, including redesign of the Commission’s Business Classification Scheme and development of a functional Retention and Disposal Schedule.

We use TRIM as our electronic Document and Record Management System (eDRMS). TRIM is the prime management tool for the Commission’s information resource assets. We recently upgraded to TRIM version 6.2.5.
Right to Information

The Right to Information is the Queensland Government’s approach to giving the community greater access to information. The Right to Information Act 2009 provides a right of access to government information unless, on balance, it is contrary to the public interest to release the information.

The Commission is proactive in disclosing information. As part of our commitment to giving the community greater access to information, the Commission’s publication scheme—listing information which is routinely available—is available on our website together with information on how to access our information.

Information privacy

The Commission is committed to protecting user privacy. We understand and appreciate that our website visitors and users are concerned about their privacy and the confidentiality and security of any information they make available.

The Information Privacy Act 2009 provides for access and amendment rights for government-held personal information and details our obligations on collecting, using, storing and disclosing personal information.

The Commission has developed a privacy plan which sets out how we handle and protect the privacy of individuals’ information.

Shared services

During 2010–11, the Shared Service Agency provided financial and human resource management functions to the Commission. The activities of the Shared Service Agency and CorpTech are reported in the annual report of the Department of Public Works.

Service level agreement

The Commission has entered into a service level agreement with DERM for the provision of corporate operational support, corporate governance support and communication operations. The agreement was developed to implement machinery-of-government changes to the Commission effective 1 July 2009.

The agreement excludes the provision of information and communications technology services, which are the subject of a separate service level agreement between the Commission and DERM.

Separate contractual arrangements with third party providers also exist for the provision of internal and external audit services.

The Commission has commenced an evaluation of the current agreement to ensure the services provided match the needs of the organisation. Following the evaluation we will commence negotiations with DERM, as the service provider, on a revised agreement.
Our people
In 2010–11, there were no voluntary early retirement packages taken by employees and no employees were made redundant or retrenched.

**Our working environment—fair, safe, ethical**

**Individual performance and leadership development**

Employee performance management is an integral part of the Commission’s strategic management cycle, and includes strategies for induction, performance development, career development and recognition.

The Commission’s induction program provides employees with an overview of our business and the terms and conditions of their employment. We require employee workplace behaviour and work performance to be in accordance with the Code of Conduct for the Queensland Public Service, section 26 of the *Public Service Act 2008* (work performance and personal conduct principles), and the *Anti-Discrimination Act 1991*.

Commission employees have the opportunity to participate in a number of leadership and development programs, including Emerging Leaders, Inspiring Executive Leadership, and various Australia and New Zealand School of Government educational courses.

In 2010–11, there were 35 individual attendances at training courses, conferences and seminars.

**Work-life balance**

The Commission supports the whole-of-government Work-Life Balance Strategy. The strategy aims to raise staff awareness of the range of options available to support a satisfactory balance between work responsibilities and personal responsibilities and interests. Our work-life balance and flexible work policies recognise the diversity of the personal needs and interests of our people, and that balance may be achieved in different ways for different people.
Equal employment opportunity
The Commission provides equal employment opportunities for all people on an equal and unbiased basis, including equal employment opportunity target groups (women, Aboriginal and Torres Strait Islanders, people from non-English speaking backgrounds and those with a disability).

A safe workplace
The Commission is committed to ensuring the health and safety of its employees. In 2010–11, no lost time was recorded for work-related injuries.

We also provide fire safety training to our employees, in accordance with the Building Fire Safety Regulation 2008. Training sessions focus on two areas:
- general evacuation—the location of fire safety reference points (including evacuation signs/diagrams), fire safety installations, fire fighting equipment and building evacuation procedures to be used in the event of a fire or emergency
- first response—the use of fire fighting equipment (such as fire extinguishers, fire blankets and fire hose reels), manual call points and raising the alarm.

Influenza immunisation
Each year we encourage our employees to undertake immunisation to reduce the spread of influenza and assist in the reduction of flu-related absenteeism. In 2010–11, 33 employees participated in our voluntary immunisation program.

Employee assistance and support
Our Employee Assistance Service (EAS) is a personal counselling service—provided by PPC Worldwide—made available to our employees to assist with the resolution of personal and work-related problems that may affect work performance or quality of life.

The EAS provides free, short term, confidential counselling (face-to-face, telephone and online) to all Commission employees. Employees can voluntarily use the service with complete confidentiality.

Counselling is also available to immediate family members, where the issue is also relevant to the employee and does, or has potential to, significantly impact on the employee’s work performance or quality of life.

The EAS also includes the following:
- manager support programs—free confidential advice and support for managers and supervisors to:
  - enhance effectiveness in implementing quality human resource practices and developing morale in their work units
  - enhance understanding of the personal impact of supervisory actions, style, behaviour and decisions upon subordinate staff.
- critical incident/distressing event management—free assistance and counselling for traumatic or distressing events that occur at, or impact, on workplaces
- mediation—neutral facilitation of conflict resolution through the process of structured negotiation targeted to resolve conflict, in mutually agreeable terms, on a local level
- training—training programs can be created and/or facilitated by professionals to address issues such as personal and workplace health and wellbeing, change management, team building and how to deal with difficult situations at work. Groups can access pre-existing programs or programs can be developed specifically to meet needs.

First aid
Five Commission employees are trained to deliver first aid, including cardio pulmonary response and defibrillation, in the event of an emergency. We maintain a number of first aid kits in central workplace locations.

Ethics principles and values
On 1 January 2011, the Code of Conduct for the Queensland Public Service commenced. Prior to that, employees were bound by the Commission’s Code of Conduct in accordance with the requirements of the Public Sector Ethics Act 1994. Employees received induction training and other information on the Code. The Code was available on our intranet and also in hard copy format to employees and members of the public on request.

Since 1 January 2011, the Commission has commenced a body of work to implement the new Code of Conduct for the Queensland Public Service. We have provided staff information sessions on the new code, and information and education on the code is included in our induction program. The new code is available to all staff on our intranet site and hard copies are provided on request.
Our ethical decision making training program commenced in April 2011 with a senior executive workshop. Ongoing workshops provide face-to-face training for Commission employees, with administrative and professional officers of all levels represented in each session.

The Commission is currently reviewing its suite of human resource management policies and procedures to ensure they have proper regard to ethics principles and values and the new Code of Conduct.

Disability Service Plan

We recognise that people with a disability have the same rights as all other members of the Queensland community, including the right to access government services.

Our Disability Service Plan outlines the practices we use to work toward providing appropriate services and facilities for people with a disability, their families and carers—for example, ensuring our:

- information is accessible and inclusive
- accommodation meets the needs of people with a disability
- organisational culture values, understands and actively pursues equity and diversity
- complaints mechanisms are accessible so that people with a disability can lodge a complaint regardless of their preferred mode of communication
- recruitment, career development and retention strategies are inclusive and equitable, and maintain a diverse workforce.

Public interest disclosures

The Commission has complied with its Public Interest Disclosure requirements and has published its policy and procedure to its website. No public interest disclosures were received by the Commission in 2010.

With the repeal of the Whistleblowers Protection Act 1994 and the introduction of the Public Interest Disclosure Act 2010 (PID Act) on 1 January 2011, the way in which public interest disclosures are to be publically reported has changed. Agencies are no longer required to report on public interest disclosures in annual reports.

Under section 61 of the PID Act, the Public Service Commission is now responsible for the oversight of public interest disclosures and preparing an annual report on the operation of the PID Act.

Since 1 January 2011, agencies have been required to report information about public interest disclosures to the Public Service Commission. The Public Service Commission will prepare an annual report on the operations of the PID Act and the information provided by agencies. The annual report will be made publicly available after the end of each financial year.

Multicultural Action Plan

We acknowledge the special position of the Aboriginal people and Torres Strait Islanders as the first people of the land, and recognise their rich diversity in cultures and languages and contribution to Queensland.

We are committed to multiculturalism, including social justice and equity for disadvantaged non-English speaking communities, women and young people of culturally and linguistically diverse backgrounds, and newly arrived refugees and migrants.

Our Multicultural Action Plan outlines the practices we use to enhance cohesion and support this rich diversity—for example, ensuring that our:

- website offers translation services
- human resource management policies and procedures are inclusive and promote cultural diversity and cross-cultural awareness
- messages about water issues target people from culturally and linguistically diverse backgrounds.

Supporting the Queensland Carers Charter

The Commission supports the Queensland Carers Charter, which formally recognises carers and the important contribution they make to the people they care for and to the community more generally. We ensure our employees have an awareness and understanding of the charter, and our human resource management policies reflect the principles of the charter. Flexible working options exist for employees who are carers, including carers leave, part time work arrangements, and flexible working hours.

In 2010–11, the Commission did not specifically engage with external carers or their representative bodies as we did not make any policy decisions relevant to carers. We are committed to engaging with these important stakeholders in any future policy decisions of the Commission that affect carers.
Our financial statements
Queensland Water Commission

Financial Statements

for the financial year ended 30 June 2011
# Queensland Water Commission

## Financial Statements 2010-11

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<td>33</td>
</tr>
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### General Information

These financial statements report on the Queensland Water Commission.

The Queensland Water Commission is a Queensland Government statutory body established under the Water Act 2000.

The Commission is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the Commission is:

Level 16, 53 Albert Street
BRISBANE QLD 4000

A description of the nature of the Commission’s operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Commission’s financial statement please call (07) 3405 6795, or visit the Commission’s internet site www.qwc.qld.gov.au.
## QUEENSLAND WATER COMMISSION
### Statement of Comprehensive Income
For year ended 30 June 2011

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011 ($'000)</th>
<th>2010 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income from Continuing Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Service Providers levy</td>
<td>2</td>
<td>16,376</td>
</tr>
<tr>
<td>Grants and other contributions</td>
<td>3</td>
<td>3,320</td>
</tr>
<tr>
<td>Other revenue</td>
<td>4</td>
<td>598</td>
</tr>
<tr>
<td><strong>Total income from Continuing Operations</strong></td>
<td></td>
<td>20,294</td>
</tr>
<tr>
<td><strong>Expenses from Continuing Operations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee expenses</td>
<td>5</td>
<td>8,381</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>7</td>
<td>12,049</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>9</td>
<td>969</td>
</tr>
<tr>
<td>Other expenses</td>
<td>10</td>
<td>47</td>
</tr>
<tr>
<td><strong>Total Expenses from Continuing Operations</strong></td>
<td></td>
<td>19,440</td>
</tr>
<tr>
<td><strong>Operating Result from Continuing Operations</strong></td>
<td></td>
<td>848</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income</strong></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income</strong></td>
<td></td>
<td>848</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
## QUEENSLAND WATER COMMISSION
### Statement of Financial Position
as at 30 June 2011

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11</td>
<td>9,062</td>
</tr>
<tr>
<td>Receivables</td>
<td>12</td>
<td>264</td>
</tr>
<tr>
<td>Other</td>
<td>13</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td><strong>8,418</strong></td>
</tr>
<tr>
<td><strong>Non Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangibles assets</td>
<td>14</td>
<td>1,900</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>15</td>
<td>2,018</td>
</tr>
<tr>
<td><strong>Total Non Current Assets</strong></td>
<td></td>
<td><strong>3,927</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td><strong>13,346</strong></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>16</td>
<td>7,360</td>
</tr>
<tr>
<td>Accrued employee benefits</td>
<td>17</td>
<td>373</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>18</td>
<td>344</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td><strong>8,077</strong></td>
</tr>
<tr>
<td><strong>Non Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued employee benefits</td>
<td>17</td>
<td>123</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>18</td>
<td>1,606</td>
</tr>
<tr>
<td><strong>Total Non Current Liabilities</strong></td>
<td></td>
<td><strong>1,729</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td><strong>9,806</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td><strong>3,540</strong></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity</td>
<td></td>
<td>2,199</td>
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<tr>
<td>Accumulated Surplus</td>
<td></td>
<td>1,341</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td><strong>3,540</strong></td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
QUEENSLAND WATER COMMISSION
Statement of Changes in Equity
for the year ended 30 June 2011

<table>
<thead>
<tr>
<th></th>
<th>Accumulated Surplus $'000</th>
<th>Contributed Equity $'000</th>
<th>Total $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance 1 July 2009</td>
<td>493</td>
<td>1,171</td>
<td>1,664</td>
</tr>
<tr>
<td>Operating Result from Continuing Operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transactions with Owners as Owners:</td>
<td>-</td>
<td>815</td>
<td>815</td>
</tr>
<tr>
<td>- Appropriated equity injections</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Net leave liabilities (transferred via Machinery of Government change)</td>
<td>-</td>
<td>213</td>
<td>213</td>
</tr>
<tr>
<td>Balance as at 30 June 2010</td>
<td>493</td>
<td>2,199</td>
<td>2,692</td>
</tr>
<tr>
<td>Balance 1 July 2010</td>
<td>493</td>
<td>2,199</td>
<td>2,592</td>
</tr>
<tr>
<td>Operating Result from Continuing Operations</td>
<td>848</td>
<td>-</td>
<td>848</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance as at 30 June 2011</td>
<td>1,341</td>
<td>2,199</td>
<td>3,540</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these statements.
**QUEENSLAND WATER COMMISSION**

**Statement of Cash Flows**

for the year ended 30 June 2011

<table>
<thead>
<tr>
<th>Notes</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water service provider levy</td>
<td>16,376</td>
<td>-</td>
</tr>
<tr>
<td>Grants and other contributions</td>
<td>3,320</td>
<td>22,188</td>
</tr>
<tr>
<td>GST input tax credits from ATO</td>
<td>1,473</td>
<td>1,390</td>
</tr>
<tr>
<td>GST collected from customers</td>
<td>2,228</td>
<td>256</td>
</tr>
<tr>
<td>Interest receipts</td>
<td>401</td>
<td>218</td>
</tr>
<tr>
<td>Other</td>
<td>300</td>
<td>607</td>
</tr>
<tr>
<td><strong>Outflows:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee expenses</td>
<td>(8,449)</td>
<td>(7,042)</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>(14,233)</td>
<td>(7,216)</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>-</td>
<td>(164)</td>
</tr>
<tr>
<td>GST paid to suppliers</td>
<td>(1,438)</td>
<td>(1,469)</td>
</tr>
<tr>
<td>GST remitted to ATO</td>
<td>(2,229)</td>
<td>(256)</td>
</tr>
<tr>
<td>Other</td>
<td>(47)</td>
<td>(55)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(295)</td>
<td>8,430</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outflows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for intangibles</td>
<td>(167)</td>
<td>(1,092)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) investing activities</strong></td>
<td>(167)</td>
<td>(1,092)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity injections</td>
<td>-</td>
<td>745</td>
</tr>
<tr>
<td>Outflows:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity withdrawals</td>
<td>-</td>
<td>(493)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>-</td>
<td>252</td>
</tr>
<tr>
<td>Net increase in cash held</td>
<td>(452)</td>
<td>7,590</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of financial year</td>
<td>9,654</td>
<td>1,564</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of financial year</strong></td>
<td>9,092</td>
<td>9,654</td>
</tr>
</tbody>
</table>

*The accompanying notes form part of these statements.*
Queensland Water Commission
Statement of Comprehensive Income by Major Commission Services
for the year ended 30 June 2011

<table>
<thead>
<tr>
<th></th>
<th>Water Supply and Demand Management</th>
<th>Underground Water Management</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011 $'000</td>
<td>2010 $'000</td>
<td>2011 $'000</td>
</tr>
<tr>
<td>Income from Continuing Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Service Provider levy</td>
<td>16,376</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants and other contributions</td>
<td>-</td>
<td>3,320</td>
<td>-</td>
</tr>
<tr>
<td>Other revenue</td>
<td>532</td>
<td>704</td>
<td>586</td>
</tr>
<tr>
<td>Total Income from Continuing Operations</td>
<td>16,908</td>
<td>21,303</td>
<td>20,284</td>
</tr>
<tr>
<td>Expenses from Continuing Operations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee expenses</td>
<td>5,346</td>
<td>6,848</td>
<td>1,033</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>10,591</td>
<td>13,512</td>
<td>1,458</td>
</tr>
<tr>
<td>Grants and subsidies</td>
<td>154</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>927</td>
<td>722</td>
<td>42</td>
</tr>
<tr>
<td>Other</td>
<td>42</td>
<td>59</td>
<td>47</td>
</tr>
<tr>
<td>Total Expenses from Continuing Operations</td>
<td>16,908</td>
<td>21,303</td>
<td>2,638</td>
</tr>
<tr>
<td>Operating Result from Continuing Operations</td>
<td>-</td>
<td>-</td>
<td>648</td>
</tr>
<tr>
<td>Other Comprehensive Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Comprehensive Income</td>
<td>-</td>
<td>-</td>
<td>848</td>
</tr>
</tbody>
</table>

There are no comparatives for Underground Water Management due to the service commencing in the 2010-11 financial year.
Objectives and Principal Activities of the Commission

Note 1: Summary of Significant Accounting Policies
Note 2: Water Service Provider levy
Note 3: Grants and Other Contributions
Note 4: Other Revenue
Note 5: Employee Expenses
Note 6: Key Executive Management Personnel and Remuneration
Note 7: Supplies and Services
Note 8: Grants and Subsidies
Note 9: Depreciation and Amortisation
Note 10: Other Expenses
Note 11: Cash and Cash Equivalents
Note 12: Receivables
Note 13: Other Current Assets
Note 14: Intangible Assets
Note 15: Property, Plant and Equipment
Note 16: Payables
Note 17: Accrued Employee Benefits
Note 18: Other Liabilities
Note 19: Reconciliation of Operating Surplus to Net Cash Provided by (Used in) Operating Activities
Note 20: Commitments for Expenditure
Note 21: Contingencies
Note 22: Events Occurring After Balance Date
Note 23: Financial Instruments
QUEENSLAND WATER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

Objectives and Principal Activities of the Commission

The Commission’s role is to achieve safe, secure and sustainable water supplies in South East Queensland. The QWC is also responsible for providing sound, evidence-based advice on managing the impacts of coal seam gas extraction on underground water resources.

The major activities of the Commission in relation to Water supply and demand management are to:

- Advise the Minister on:
  - matters relating to water supply and demand management for water; and
  - the delivery of desired levels of service objectives for water supplied to the South East Queensland region and designated regions.

- Facilitate and implement regional water security programs.

- Ensure compliance with the programs and with Commission water restrictions.

The major activities of the Commission in relation to Underground water management are to:

- advise the chief executive on matters relating to impacts on underground water caused by the exercise of underground water rights by petroleum tenure holders;

- establishing and maintaining a database of information about underground water; and

- preparing reports for cumulative management areas.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Queensland Water Commission (Commission) has prepared these financial statements in compliance with section 42 of the Financial and Performance Management Standard 2009.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury’s Minimum Reporting Requirements for the year ending 30 June 2011, 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 entity. Except where stated, the historical cost convention is used.

(b) The Reporting Entity

The Commission is a Queensland Government statutory body established under the Water Act 2000 on 19 June 2006. The Commission is governed by a legislative framework under the Water Act 2000, and works with a number of government departments, agencies and water service providers.

(c) User Charges, Taxes, Penalties and Fines

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. This involves either invoicing for related goods/services and/or recognition of accrued revenue. User charges and fees are controlled by the Commission where they can be deployed for the achievement of the Commission’s objectives.
The gross Water service provider levy collected is pursuant to section 248 (2) of the Water Regulation 2002 for the amount of the estimated user charges for the financial year as disclosed in the Queensland Water Commission Income Statement as published in the Service Delivery Statement for the financial year. A reassessment of the Water service provider levy for the financial year is subsequently undertaken at year end when the quantum of recoverable expenses is able to be reliably measured through the application of the Commission’s Full cost of service delivery policy. Unexpended Water service provider levies collected are returned to the Water service providers proportionate to amounts paid.

(d) 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.

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated.

(e) Cash and Cash Equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

(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 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. All known bad debts were written-off as at 30 June 2011.

Other debtors generally arise from transactions outside the usual operating activities of the Commission and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

(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 or consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects’ fees and engineering design fees. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland Government Public sector entity (whether as a result of a Machinery of Government or other involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor or immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 119 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:
QUEENSLAND WATER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010–11

Plant and Equipment

$5,000

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

(i) Valuations of Non-Current Physical and Intangible Assets

Plant and equipment, other than major plant and equipment, is measured at cost in accordance with Treasury’s Non-Current Asset Policies.

Intangible assets with a cost or other value greater than $100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the Commission, less any anticipated residual value. The residual value is zero for all the Commission’s intangible assets.

Where intangible assets have an active market, they are measured at fair value, otherwise they are measured at cost. It has been determined that there is not an active market for any of the Commission’s intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

Intangibility Generated Software

Expenditure on research activities relating to internally-generated intangible assets is recognised as an expense in the period in which it is incurred.

Costs associated with the development of computer software have been capitalised and are amortised on a straight-line basis over the period of expected benefit to the Commission, namely 5 years.

The Commission does not own any land, buildings, infrastructure or major plant and equipment or heritage and cultural assets which are measured at fair value in accordance with AASB 116 Property, Plant and Equipment and Queensland Treasury’s Non-Current Asset Policies for the Queensland Public Sector.

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

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

All intangible assets of the Commission have finite useful lives and are amortised on a straight line basis.

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.

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 depreciation rates are used:

<table>
<thead>
<tr>
<th>Class</th>
<th>Rate %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant and equipment:</td>
<td></td>
</tr>
<tr>
<td>- Office equipment</td>
<td>10-20</td>
</tr>
<tr>
<td>- Computer equipment</td>
<td>33</td>
</tr>
<tr>
<td>- Leasehold improvements</td>
<td>13</td>
</tr>
<tr>
<td>Intangible Assets:</td>
<td></td>
</tr>
<tr>
<td>- Software Internally Generated</td>
<td>20</td>
</tr>
</tbody>
</table>

(k) Impairment of Non-Current Assets

All non-current physical and intangible 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 re-valued amount. When the asset is measured at a re-valued 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 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 re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer also note 1(h).

(l) Leases

A distinction is made in the financial statements between finance leases that effectively transfer from the lessor to the lessee substantially all risks and benefits incidental to ownership, and operating leases, under which the lessor retains substantially all risks and benefits.

Where a non-current physical asset is acquired by means of a finance lease, the asset is recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The lease liability is recognised at the same amount.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

(m) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.
(n) 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; and
- Payables held at amortised cost.

The Commission does not enter into transactions for speculative purposes, nor for hedging. Apart from cash and cash equivalents, the Commission holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Commission are included in Note 23.

(o) Employee Benefits

Wages and salaries, employer superannuation contributions, annual leave expense and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses.

Wages, Salaries, Annual Leave and Sick Leave
Wages, salaries, and annual leave due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months, the liabilities are classified as non-current liabilities and recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rate expected to apply at the time of likely settlement.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Long Service Leave
Under the Queensland Government's long service leave scheme, a levy is made on the Commission to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the Commission's financial statements, the liability being held on a whole-of-Government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Superannuation
Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Commission's obligation is limited to its contribution to QSuper.
The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

Key executive management personnel and remuneration
Key executive management personnel and remuneration disclosures are made in accordance with the section 5 Addendum (Issued in May 2011) to the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer to note 5 for the disclosures on key executive management personnel and remuneration.

(p) Provisions
Provisions are recorded when the Commission has a present obligation, either legal or constructive as a result of a past event. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using an appropriate discount rate. The amounts recognised as provisions in relation to the dismantling and removal of assets and the restoration of land on which the assets have been located, have been included in the cost of the assets.

(q) Insurance
The Commission’s non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Commission pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(r) Services Received Free of Charge or for Nominal Value
Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

(s) Contributed Equity
Non-reciprocal transfers of assets and liabilities between wholly-owned Queensland State Public Sector entities as a result of machinery-of-Government changes are adjusted to Contributed Equity in accordance with Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities. Appropriations for equity adjustments are similarly designated.

(t) Taxation
The Commission is 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. GST credits receivable from, and GST payable to the Australian Taxation Office are recognised (refer to note 12).

(u) Issuance of Financial Statements
The financial statements are authorised for issue by the Commissioner and Chief Executive Officer at the date of signing the Management Certificate.

(v) Judgements
The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an
QUEENSLAND WATER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010–11

ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

(w) 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.

(x) New and Revised Accounting Standards

The Commission did not voluntarily change any of its accounting policies during 2010–11. Those new and amended Australian accounting standards that were applicable for the first time in the 2010–11 financial year had no significant impact on the Commission’s financial statements.

The Commission is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Commission has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Commission applies standards and interpretations in accordance with their respective commencement dates.

At the date of authorisation of the financial report, significant impacts of new or amended Australian accounting standards with future commencement dates are as set out below.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] becomes effective from reporting periods beginning on or after 1 January 2011. The Queensland Water Commission will then need to make changes to its disclosures about credit risk on financial instruments in note 24(c). No longer will the Commission need to disclose amounts that best represent an entity’s maximum exposure to credit risk where the carrying amount of the instruments reflects this. If the Commission holds collateral or other credit enhancements in respect of any financial instrument, it will need to disclose - by class of instrument - the financial extent to which those arrangements mitigate the credit risk. There will be no need to disclose the carrying amount of financial assets for which the terms have been renegotiated, which would otherwise be past due or impaired.

Also, for those financial assets that are either past due but not impaired, or have been individually impaired, there will be no need to separately disclose details about any associated collateral or other credit enhancements held by the Commission.

AASB 9 Financial Instruments (December 2010) 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] become effective from reporting periods beginning on or after 1 January 2013. The main impacts of these standards on the Queensland Water Commission are that they will change the requirements for the classification, measurement and disclosures associated with 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.

On initial application of AASB 9, the Queensland Water Commission will need to re-assess the measurement of its financial assets against the new classification and measurement requirements, based on the facts and circumstances that exist at that date. Assuming no change in the types of
transactions the Queensland Water Commission enters into, it is not expected that any of the Commission’s financial assets will meet the criteria in AASB 8 to be measured at amortised cost. Therefore, as from the 2013-14 financial statements, all of the Commission’s financial assets will be required to be classified as “financial assets required to be measured at fair value through profit or loss” (instead of the measurement classifications presently used in notes 1(n) and 23). The same classification will be used for net gains/losses recognised in the Statement of Comprehensive Income in respect of those financial assets. In the case of the Commission’s receivables, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129, & 1052] apply to 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. AASB 2010-2 sets out the details of which disclosures in standards and interpretations are not required under tier 2 reporting.

Pursuant to AASB 1053, public sector entities like the Queensland Water 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 Queensland Water Commission, the Treasury Department is the regulator. Treasury Department has advised that its policy decision is to require all public sector entities to adopt tier 1 reporting requirements. In compliance with Treasury’s policy which prohibits the early adoption of new or revised accounting standards unless Treasury approval is granted, the Queensland Water Commission has not early adopted AASB 1053.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Queensland Water Commission’s activities, or have no material impact on the Commission.
## QUEENSLAND WATER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

### 2. Water Service Provider levy

<table>
<thead>
<tr>
<th></th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Service Provider levy*</td>
<td>22,100</td>
<td>-</td>
</tr>
<tr>
<td>Less: Return of unexpended Water Service Provider levy*</td>
<td>(6,724)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,376</td>
<td>-</td>
</tr>
</tbody>
</table>

* From 1 July 2010, the Commission’s Water supply and demand management functions were funded by a levy on Water Service Providers.

#Adjustment of $5,724 million is made to the Water Service Provider levy representing a reassessment of levies payable by the Water Service Providers as determined through the application of the Commission’s full cost of service delivery policy.

### 3. Grants and Other Contributions

<table>
<thead>
<tr>
<th></th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants*</td>
<td>3,320</td>
<td>20,592</td>
</tr>
<tr>
<td>Services received at below fair value</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,320</td>
<td>20,599</td>
</tr>
</tbody>
</table>

* The 2011 grant revenue represents ‘seed funding’ for the establishment of the Commission’s Underground water management function (Coal Seam Gas Water) from the State government.

### 4. Other Revenue

<table>
<thead>
<tr>
<th></th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest</td>
<td>409</td>
<td>226</td>
</tr>
<tr>
<td>Recoveries of rent expenditure</td>
<td>173</td>
<td>475</td>
</tr>
<tr>
<td>Right to Information fees</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Commissions</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>698</td>
<td>704</td>
</tr>
</tbody>
</table>
Queensland Water Commission Annual Report 2010–11

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010–11

5. Employee Expenses

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>5,291</td>
<td>5,586</td>
</tr>
<tr>
<td>Employer superannuation</td>
<td>503</td>
<td>601</td>
</tr>
<tr>
<td>contributions*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long service leave levy*</td>
<td>108</td>
<td>90</td>
</tr>
<tr>
<td>Other employee benefits*</td>
<td>38</td>
<td>16</td>
</tr>
<tr>
<td>Employee Related Expenses*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers’ compensation premium*</td>
<td>15</td>
<td>25</td>
</tr>
<tr>
<td>Payroll tax*</td>
<td>272</td>
<td>270</td>
</tr>
<tr>
<td>Other employee related expenses#</td>
<td>54</td>
<td>248</td>
</tr>
<tr>
<td>Total Employee Expenses*</td>
<td>6,381</td>
<td>6,846</td>
</tr>
</tbody>
</table>

*Cost of workers’ compensation insurance and payroll tax are a consequence of employment, but are not counted in employees’ total remuneration package. Accordingly they are not treated as employee benefits, but rather employee related expenses. Employer superannuation contributions and the long service leave levy are regarded as employee benefits.

# Other employee related expenses includes staff training.

The number of employees including both full-time employees and part-time employees measured on a full-time equivalent basis as at 30 June 2011 is:

| Number of employees: | 54 | 53 |
6. 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 2010-11. Further information on these positions can be found in the body of the Annual Report under the section relating to Corporate Governance.

<table>
<thead>
<tr>
<th>Position</th>
<th>Responsibilities</th>
<th>Current incumbents</th>
<th>Date appointed to position (Date resigned from position)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commissioner</td>
<td>The Commissioner is responsible for the strategic policy direction of the Commission in achieving the purposes of Chapter 2A and 3 of the Water Act 2000.</td>
<td>Governor in Council / Water Act 2000</td>
<td>19 June 2009</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>The Chief Executive Officer is responsible for the efficient and effective administration and operation of the office of the Commission.</td>
<td>Governor in Council / Water Act 2000</td>
<td>10 May 2010 [1]</td>
</tr>
<tr>
<td>General Manager, Regional Planning and Policy</td>
<td>The General Manager, Regional Planning and Policy is responsible for planning for the provision of a safe, secure and sustainable water supply for SEQ to achieve the desired Level of Service objectives.</td>
<td>s122 Contract / Public Service Act 2009</td>
<td>28 June 2010 [2]</td>
</tr>
<tr>
<td>General Manager, Water Reform</td>
<td>The General Manager, Water Reform is responsible for improving the institutional and regulatory frameworks to enable efficient and cost-effective service delivery to water customers in SEQ.</td>
<td>s122 Contract / Public Service Act 2009</td>
<td>11 January 2010 (17 October 2010) [3]</td>
</tr>
<tr>
<td>General Manager, Coal Seam Gas Water</td>
<td>The General Manager, Coal Seam Gas Water is responsible for providing sound, evidence-based advice on management of the impacts of CSG extraction on underground water resources.</td>
<td>s122 Contract / Public Service Act 2009</td>
<td>13 October 2010 [4]</td>
</tr>
<tr>
<td>General Manager, Strategic Governance and Risk</td>
<td>The General Manager, Strategic Governance and Risk is responsible for strategic governance and risk management and the provision of expert advice regarding external regulatory and compliance matters as they relate to the role of the Commission.</td>
<td>s122 Contract / Public Service Act 2009</td>
<td>13 October 2010 (31 March 2011) [5]</td>
</tr>
</tbody>
</table>
Queensland Water Commission Annual Report 2010–11

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

(b) Remuneration
Remuneration policy for the agency's key executive management personnel is set by the Queensland Public Service Commission as provided for under the Public Service Act 2006. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts. The contracts provide for the provision of other benefits including motor vehicles.

For the 2010-11 year, remuneration of key executive management personnel increased by 2.5% in accordance with government policy.

Remuneration packages for key executive management personnel comprise the following components:-

- Short term employee benefits which include:
  - Base - consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the Statement of Comprehensive Income.
- Long term employee benefits include long service leave accrued.
- Post employment benefits include superannuation contributions.
- Redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.

Total fixed remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits.
### QUEENSLAND WATER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010-11

1 July 2010 – 30 June 2011

<table>
<thead>
<tr>
<th>Position (date resigned if applicable)</th>
<th>Short Term Employee Benefits</th>
<th>Long Term Employee Benefits</th>
<th>Post Employment Benefits</th>
<th>Termination Benefits</th>
<th>Total Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base $'000</td>
<td>Non-Monetary Benefits $'000</td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Commissioner</td>
<td>38</td>
<td>-</td>
<td>-</td>
<td>8</td>
<td>-</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>206</td>
<td>-</td>
<td>-</td>
<td>23</td>
<td>-</td>
</tr>
<tr>
<td>General Manager, Regional Planning and Policy</td>
<td>164</td>
<td>-</td>
<td>4</td>
<td>14</td>
<td>-</td>
</tr>
<tr>
<td>General Manager, Water Reform</td>
<td>28</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>109</td>
<td>-</td>
<td>3</td>
<td>12</td>
<td>-</td>
</tr>
<tr>
<td>General Manager, Coal Seam Gas Water</td>
<td>115</td>
<td>-</td>
<td>3</td>
<td>11</td>
<td>-</td>
</tr>
<tr>
<td>General Manager, Strategic Governance and Risk</td>
<td>89</td>
<td>-</td>
<td>-</td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Total Remuneration</td>
<td>823</td>
<td>-</td>
<td>10</td>
<td>82</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Officer acted in position from 1 July 2010 to 30 June 2011.
(2) Officer occupied position from 1 July 2010 to 17 October 2010.
(3) Officer acted in position from 18 October 2010 to 30 June 2011.
(4) Officer occupied position from 18 October 2010 to 30 June 2011.
(5) Officer occupied position from 18 October 2010 to 31 March 2011.
(6) Officer occupied position from 21 March 2011 to 6 May 2011.
<table>
<thead>
<tr>
<th>Position (date resigned if applicable)</th>
<th>Short Term Employee Benefits</th>
<th>Long Term Employee Benefits</th>
<th>Post Employment Benefits</th>
<th>Termination Benefits</th>
<th>Total Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base $'000</td>
<td>Non-Monetary Benefits $'000</td>
<td>Base $'000</td>
<td>Base $'000</td>
<td>Base $'000</td>
</tr>
<tr>
<td>Commissioner</td>
<td>96</td>
<td>-</td>
<td>-</td>
<td>9</td>
<td>105</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>32</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>35 (1)</td>
</tr>
<tr>
<td>Executive Director</td>
<td>157</td>
<td>4</td>
<td>18</td>
<td>-</td>
<td>189 (2)</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>7 (3)</td>
</tr>
<tr>
<td>Senior Director, Regional Planning and Policy</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1 (4)</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>-</td>
<td>3</td>
<td>-</td>
<td>27 (5)</td>
</tr>
<tr>
<td></td>
<td>103</td>
<td>3</td>
<td>8</td>
<td>-</td>
<td>114 (6)</td>
</tr>
<tr>
<td>Senior Director, Water Reform</td>
<td>79</td>
<td>1</td>
<td>8</td>
<td>-</td>
<td>88 (7)</td>
</tr>
<tr>
<td>Executive Director, Water Reform</td>
<td>122</td>
<td>-</td>
<td>-</td>
<td>185</td>
<td>307 (8)</td>
</tr>
<tr>
<td>Senior Director, Demand Efficiency and Substantiation</td>
<td>161</td>
<td>4</td>
<td>10</td>
<td>-</td>
<td>161</td>
</tr>
<tr>
<td>Total Remuneration</td>
<td>791</td>
<td>12</td>
<td>66</td>
<td>185</td>
<td>1,054</td>
</tr>
</tbody>
</table>
QUEENSLAND WATER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010–11

(1) Officer was appointed to the Executive Director position 10 May 2010. Pursuant to the assent of legislative amendments on 23 May 2010 the Executive Director position was abolished and the Chief Executive Officer position established.

(2) Officer acted in position from 13 July 2009 to 9 May 2010.

(3) Officer acted in position from 1 July 2009 to 12 July 2009.

(4) Officer acted in position from 29 June 2010 to 30 June 2010.

(5) Officer acted in position from 1 July 2009 to 12 July 2009 and from 10 May 2010 to 27 June 2010, for the remainder of the financial year the officer acted in the Executive Director position.

(6) Officer acted in position from 28 September 2009 to 8 May 2010.

(7) Officer occupied position from 11 January 2010 to 30 June 2010.

(8) Officer occupied position from 1 July 2009 to 31 December 2009. The payment to this executive includes the payment of accrued leave and service payments upon application of State government policies which include recognition of prior service.
### 7. Supplies and Services

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultants and contractors</td>
<td>5,675</td>
<td>5,805</td>
</tr>
<tr>
<td>Service provider costs</td>
<td>4,217</td>
<td>4,099</td>
</tr>
<tr>
<td>Operating lease rentals</td>
<td>871</td>
<td>964</td>
</tr>
<tr>
<td>Computer costs</td>
<td>343</td>
<td>424</td>
</tr>
<tr>
<td>Agency personnel</td>
<td>168</td>
<td>144</td>
</tr>
<tr>
<td>Advertising and market research</td>
<td>163</td>
<td>1,478</td>
</tr>
<tr>
<td>Legal expenses</td>
<td>77</td>
<td>162</td>
</tr>
<tr>
<td>Travel</td>
<td>40</td>
<td>47</td>
</tr>
<tr>
<td>Other</td>
<td>524</td>
<td>589</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,049</strong></td>
<td><strong>13,812</strong></td>
</tr>
</tbody>
</table>

### 8. Grants and Subsidies

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water saving initiatives</td>
<td>-</td>
<td>159</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td><strong>164</strong></td>
</tr>
</tbody>
</table>

### 9. Depreciation and Amortisation

Depreciation and amortisation were incurred in respect of:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Software internally generated</td>
<td>580</td>
<td>387</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>354</td>
<td>319</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>12</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>969</strong></td>
<td><strong>722</strong></td>
</tr>
</tbody>
</table>

### 10. Other Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>External audit fees*</td>
<td>36</td>
<td>44</td>
</tr>
<tr>
<td>Insurance premiums – CGIF</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Debts waived</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Loss on disposal on property, plant and equipment</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Other expenses</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>47</strong></td>
<td><strong>59</strong></td>
</tr>
</tbody>
</table>

*Total external audit fees relating to the 2010-11 financial year are estimated to be $41,100 (2009-10:$42,005). There are no non-audit services included in this amount.
11. Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imprest accounts</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>9,091</td>
<td>9,553</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,092</td>
<td>9,554</td>
</tr>
</tbody>
</table>

12. Receivables

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>29</td>
<td>140</td>
</tr>
<tr>
<td>Less: Allowance for impairment loss</td>
<td>(1)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>28</td>
<td>140</td>
</tr>
<tr>
<td>GST receivable</td>
<td>(164)</td>
<td>245</td>
</tr>
<tr>
<td>GST payable</td>
<td>375</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>211</td>
<td>248</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>39</td>
<td>31</td>
</tr>
<tr>
<td>Long service leave reimbursements</td>
<td>15</td>
<td>51</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>294</td>
<td>470</td>
</tr>
</tbody>
</table>

13. Other Current Assets

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments</td>
<td>33</td>
<td>57</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>33</td>
<td>57</td>
</tr>
</tbody>
</table>

14. Intangible Assets

**Software Internally generated:**

<table>
<thead>
<tr>
<th>Software</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>WaterHub Modular Information Management System at cost</td>
<td>2,953</td>
<td>2,553</td>
</tr>
<tr>
<td>Loss: accumulated amortisation</td>
<td>(1,211)</td>
<td>(621)</td>
</tr>
</tbody>
</table>

Sarat Cumulative Management Area Groundwater Flow Model at cost

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>167</td>
<td>1,399</td>
<td>2,332</td>
</tr>
</tbody>
</table>

Intangibles Reconciliation:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carrying amount 1 July</td>
<td>2,332</td>
<td>1,607</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>167</td>
<td>1,092</td>
</tr>
<tr>
<td>Amortisation</td>
<td>(590)</td>
<td>(397)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,969</td>
<td>2,332</td>
</tr>
</tbody>
</table>

The WaterHub Modular Information Management System is a tool to collect, monitor and report on regional water information. It is utilised by the Commission and other South-East Queensland water planning and management entities including the Water Grid Manager and other water grid participants. It is integral to the long-term planning and monitoring of regional supply and demand, providing a centralised reporting capability for collation and distribution of regional water information.

The Sarat cumulative management area groundwater flow model tool will primarily be used for the assessment of water level/pressure impacts of Coal Seam Gas water extraction on aquifers.
### QUEENSLAND WATER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010–11

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>15. Property, Plant and Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and equipment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At cost</td>
<td>2,928</td>
<td>2,928</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(910)</td>
<td>(531)</td>
</tr>
<tr>
<td></td>
<td>2,018</td>
<td>2,397</td>
</tr>
<tr>
<td>Property, Plant and Equipment Reconciliation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carrying amount 1 July</td>
<td>2,397</td>
<td>2,887</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>-</td>
<td>70</td>
</tr>
<tr>
<td>Disposal</td>
<td>-</td>
<td>(5)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(379)</td>
<td>(365)</td>
</tr>
<tr>
<td>Total</td>
<td>2,018</td>
<td>2,397</td>
</tr>
</tbody>
</table>

**15. Payables**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Creditors</td>
<td>1,636</td>
<td>4,564</td>
</tr>
<tr>
<td>Department of Environment and Resources</td>
<td>-</td>
<td>4,660</td>
</tr>
<tr>
<td>Water Service Providers*</td>
<td>5,724</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,360</td>
<td>9,224</td>
</tr>
</tbody>
</table>

*Adjustment of $5.724 million is made to the Water service provider levy representing a reassessment of levies payable by the Water Service Providers for 2010-11. This amount will be credited against the 2011-12 Water Service Provider levy payments.*

### 17. Accrued Employee Benefits

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation leave</td>
<td>347</td>
<td>520</td>
</tr>
<tr>
<td>Wages and related costs outstanding</td>
<td>-</td>
<td>21</td>
</tr>
<tr>
<td>Long service leave levy payable</td>
<td>26</td>
<td>24</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>373</td>
<td>565</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current Recreation leave</td>
<td>123</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>123</td>
<td>35</td>
</tr>
</tbody>
</table>

**Total Accrued Employee Benefits**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>456</td>
<td>600</td>
</tr>
</tbody>
</table>

### 18. Other Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Incentive liability</td>
<td>344</td>
<td>344</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>344</td>
<td>344</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease Incentive Liability</td>
<td>1,606</td>
<td>1,950</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,606</td>
<td>1,950</td>
</tr>
</tbody>
</table>

**Total Other Liabilities**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,950</td>
<td>2,294</td>
</tr>
</tbody>
</table>
19. Reconciliation of Operating Surplus to Net Cash provided by (Used in) Operating Activities

Operating surplus / (deficit) 848

Cash flows excluded from profit attributable to:  
- Depreciation and amortisation expense 869 722
- Lease incentive amortisation (344) (344)
- Loss on disposal of non-current assets - 5

Change in assets and liabilities:  
- (Increase) decrease in trade/other receivables 140 1,785
- (Increase) decrease in prepayments 24 41
- (Increase) decrease in GST input tax credits receivable 37 (111)
- Increase (decrease) in accounts payable (1,884) 6,597
- Increase (decrease) in accrued employee benefits (105) (268)

Net Cash provided by (Used in) operating activities  (295) 8,430

20. Commitments for Expenditure

(a) Non-Cancellable Operating Lease

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>1,604</td>
<td>1,447</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>6,642</td>
<td>6,390</td>
</tr>
<tr>
<td>Later than five years</td>
<td>1,077</td>
<td>2,811</td>
</tr>
<tr>
<td>Total</td>
<td>9,223</td>
<td>10,648</td>
</tr>
</tbody>
</table>

Operating leases are entered into as a means of acquiring access to office accommodation. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

(b) Capital Expenditure Commitments

Capital expenditure commitments relating to Intangible assets, inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not later than one year</td>
<td>141</td>
<td>-</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>141</td>
<td>-</td>
</tr>
</tbody>
</table>
QUEENSLAND WATER COMMISSION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS 2010–11

(c) Grants Commitments
Grants commitments inclusive of anticipated GST, committed to provide at reporting date, but not recognised in the accounts are payable as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Not later than one year</td>
<td>177</td>
<td>-</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>103</td>
<td>-</td>
</tr>
<tr>
<td>Later than five years</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>310</td>
<td>-</td>
</tr>
</tbody>
</table>

(d) Other Expenditure Commitments
Other expenditure committed at the end of the period but not recognised in the accounts are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not later than one year</td>
<td>3,088</td>
<td>2,543</td>
</tr>
<tr>
<td>Later than one year and not later than five years</td>
<td>276</td>
<td>-</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>3,364</td>
<td>2,543</td>
</tr>
</tbody>
</table>

21. Contingencies
As at 30 June 2011, the Commission has received notice of a complaint lodged with the Anti-Discrimination Commission Queensland regarding alleged discriminatory conduct in 2009.

Effective 25 August 2006, the Queensland Water Commission joined the Queensland Government Insurance Fund (QGIF). Under the QGIF, the Commission has an excess of $10,000 for payments made to successful litigants.

22. Events Occurring After Balance Date
Based on the information available, management is not aware of any event occurring after balance date that could have a material affect on the information disclosed in these financial statements.
23. Financial Instruments

(a) Categorisation of Financial Instruments

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

<table>
<thead>
<tr>
<th>Category</th>
<th>Note</th>
<th>2011 $'000</th>
<th>2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11</td>
<td>9,092</td>
<td>9,554</td>
</tr>
<tr>
<td>Receivables</td>
<td>12</td>
<td>294</td>
<td>470</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>9,386</td>
<td>10,024</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>16</td>
<td>7,360</td>
<td>9,224</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>7,360</td>
<td>9,224</td>
</tr>
</tbody>
</table>

(b) Financial Risk Management

The Commission's activities expose it to a variety of financial risks - interest rate risk, credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to Government and Queensland Water Commission policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Commission.

All financial risk is managed by the Finance and Asset Management unit under policies approved by the Commission. The Commission provides written principles for overall risk management, as well as policies covering specific areas.

The Commission measures risk exposure using a variety of methods as follows:

<table>
<thead>
<tr>
<th>Risk Exposure</th>
<th>Measurement method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit risk</td>
<td>Ageing analysis, earnings at risk</td>
</tr>
<tr>
<td>Liquidity risk</td>
<td>Sensitivity analysis</td>
</tr>
<tr>
<td>Market risk</td>
<td>Interest rate sensitivity analysis</td>
</tr>
</tbody>
</table>

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.
23. Financial Instruments (con’t d)

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets exclusive of any provisions for impairment.

The following table represents the Commission’s maximum exposure to credit risk based on contractual amounts, not of any allowances:

<table>
<thead>
<tr>
<th>Category</th>
<th>Note</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Assets</td>
<td></td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11</td>
<td>9,082</td>
<td>9,554</td>
</tr>
<tr>
<td>Receivables</td>
<td>12</td>
<td>284</td>
<td>470</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>9,366</td>
<td>10,024</td>
</tr>
</tbody>
</table>

Financial Assets

No collateral is held as security and no credit enhancements relate to financial assets held by the Commission.

The Commission manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Commission invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

The method for calculating any provision for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. The main factors affecting the current calculation for provisions are disclosed below as loss events. These economic and geographic changes form part of the Commission’s documented risk analysis assessment in conjunction with historic experience and associated industry data.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Aging of past due but not impaired as well as impaired financial assets are disclosed in the following tables:

**2011 Financial Assets Past Due But Not Impaired**

<table>
<thead>
<tr>
<th>Less than 30 Days</th>
<th>30 - 60 Days</th>
<th>61 - 90 Days</th>
<th>More than 90 Days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Receivables</td>
<td>288</td>
<td>-</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td>288</td>
<td>-</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>294</td>
<td></td>
<td></td>
<td>294</td>
</tr>
</tbody>
</table>

**2010 Financial Assets Past Due But Not Impaired**

<table>
<thead>
<tr>
<th>Less than 30 Days</th>
<th>30 - 60 Days</th>
<th>61 - 90 Days</th>
<th>More than 90 Days</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Receivables</td>
<td>470</td>
<td>-</td>
<td>-</td>
<td>470</td>
</tr>
<tr>
<td>Total</td>
<td>470</td>
<td>-</td>
<td>-</td>
<td>470</td>
</tr>
</tbody>
</table>
23. Financial Instruments (cont’d)

(d) Liquidity Risk

Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Commission is exposed to liquidity risk in respect of its payables.

The Commission manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the commission has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held in the bank account so as to match the expected duration of the various employee and supplier liabilities.

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.

<table>
<thead>
<tr>
<th></th>
<th>2011 Payable in</th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>&lt; 1 year</td>
<td>1–5 years</td>
<td>&gt; 5 years</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Payables</td>
<td>15</td>
<td>7,360</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>7,360</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2010 Payable in</th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Note</td>
<td>&lt; 1 year</td>
<td>1–5 years</td>
<td>&gt; 5 years</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
<td>$’000</td>
</tr>
<tr>
<td>Payables</td>
<td>15</td>
<td>9,224</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>9,224</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(e) Market Risk

The Commission does not trade in foreign currency and is not materially exposed to commodity price changes. The Commission is exposed to interest rate risk on cash deposited in interest bearing bank accounts. The Commission does not undertake any hedging in relation to interest rate risk and manages its risk as part of the liquidity management strategy.

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis depicts the outcome on profit or loss if interest rates would change by +/- 1% from the year end rates applicable to the Commission’s financial assets and liabilities. The Commission’s only exposure to interest rates is on cash held in an interest bearing bank account.

<table>
<thead>
<tr>
<th>Financial Instruments</th>
<th>Carrying Amount</th>
<th>2011 interest rate risk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>-1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Profit</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>9,092</td>
<td>(90)</td>
</tr>
<tr>
<td>Potential Impact</td>
<td>(90)</td>
<td>(90)</td>
</tr>
<tr>
<td>Financial Instruments</td>
<td>Carrying Amount</td>
<td>2010 Interest rate risk</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-----------------</td>
<td>------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-1%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Profit</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>9,554</td>
<td>(96)</td>
</tr>
<tr>
<td>Potential Impact</td>
<td></td>
<td>(96)</td>
</tr>
</tbody>
</table>
CERTIFICATE OF THE QUEENSLAND WATER 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 Performance Management Standard 2009 and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Water Commission for the financial year ended 30 June 2011 and of the financial position of the Commission at the end of that year.

Karen Waldman
Chief Executive Officer
Queensland Water Commission

30 August 2011

Mary Boydell
Commissioner
Queensland Water Commission

50 August 2011
INDEPENDENT AUDITOR’S REPORT

To the Queensland Water Commission


I have audited the accompanying financial report of the Queensland Water Commission, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Commissioner and Chief Executive Officer.


The Commission is 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 Commission’s responsibility also includes such internal control as the Commission determines is necessary to enable the preparation of the financial report that 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 Commission, 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 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.

**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 Queensland Water Commission for the financial year 1 July 2010 to 30 June 2011 and of the financial position as at the end of that year.

**Other Matters - Electronic Presentation of the Audited Financial Report**

This auditor’s report relates to the financial report of the Queensland Water Commission for the year ended 30 June 2011. Where the financial report is included on the Queensland Water Commission’s website the Commission is responsible for the integrity of the Queensland Water Commission’s website and I have not been engaged to report on the integrity of the Queensland Water Commission’s website. The auditor’s report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements or otherwise included with the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

PAUL HORNE CA
as Delegate of the Auditor-General of Queensland

Queensland Audit Office
Brisbane

31 August 2011
Glossary
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency objective</td>
<td>The effect or impact that an agency seeks to have on its clients, stakeholders, or the broader community. Objectives should collectively contribute to whole-of-government objectives for the community.</td>
</tr>
<tr>
<td>Ambitions</td>
<td>Outlined in Toward Q2: Tomorrow’s Queensland, the ambitions describe the outcomes the government envisages for Queensland (strong, green, smart, healthy and fair) by 2020 and set whole-of-government direction in the Queensland Government business architecture.</td>
</tr>
<tr>
<td>Annual report</td>
<td>A written report on the operations of the agency during the financial year, as prescribed by section 63 of the Financial Accountability Act 2009.</td>
</tr>
<tr>
<td>Catchment management</td>
<td>The area that feeds water into a water source or storage—for example, rivers, drainage lines or dams—is known as a catchment. Catchments can supply water for a range of purposes including residential use. Catchment management seeks to maintain the quality of the water flowing into a catchment.</td>
</tr>
<tr>
<td>Council of Mayors (SEQ)</td>
<td>The Council of Mayors (SEQ) was established in 2005 as an independent advocacy organisation to represent the interests of Australia’s fastest growing region—South East Queensland (SEQ). The membership of the Council of Mayors (SEQ) consists of the mayors representing 10 of the local governments of SEQ; Brisbane, Gold Coast, Ipswich, Logan and Redland City Councils and Lockyer Valley, Scenic Rim, Toowoomba, Somerset and Sunshine Coast Regional Councils.</td>
</tr>
<tr>
<td>Consumer Price Index (CPI)</td>
<td>An index which provides a measure of the change in the average cost of a standard basket of retail goods by relating the cost in the current period to that of a base period. The CPI is used as a measure of inflation.</td>
</tr>
<tr>
<td>Demand management</td>
<td>Any program that reduces water consumption and the demand for water from the region’s bulk water sources. Demand management programs may include water use efficiency measures, reductions in water losses, water trading to make better use of existing supplies, and substitution of existing supplies with alternative supplies such as rainwater tanks, recycled water and stormwater.</td>
</tr>
<tr>
<td>Department of Environment and Resource Management (DERM)</td>
<td>The department conserves, protects and manages the state’s environment and natural resources. DERM provides corporate operations, corporate governance and communications support to the Queensland Water Commission under a service level agreement.</td>
</tr>
<tr>
<td>Distributor-retailer</td>
<td>Integrated retail and distribution authorities to deliver water services and wastewater services to customers within particular geographical areas. The distributor-retailers are:</td>
</tr>
<tr>
<td></td>
<td>• Queensland Urban Utilities—servicing Brisbane, Ipswich, Scenic Rim, Somerset and Lockyer Valley</td>
</tr>
<tr>
<td></td>
<td>• Allconnex Water—servicing Gold Coast, Logan and Redlands</td>
</tr>
<tr>
<td></td>
<td>• Unitywater—servicing the Sunshine Coast and Moreton Bay.</td>
</tr>
<tr>
<td>Government objectives for the community</td>
<td>The government is required to prepare and table a statement of its broad objectives for the community, including details of arrangements for regular reporting to the community about the outcomes the government has achieved against these objectives for the community (Financial Accountability Act 2009, s10). The five ambitions outlined in Toward Q2: Tomorrow’s Queensland are the current government objectives for the community.</td>
</tr>
<tr>
<td>Level of Service objectives (LOS)</td>
<td>Includes the maximum duration, frequency, and severity of water restrictions that may be expected by end users of the water.</td>
</tr>
<tr>
<td>Machinery-of-government</td>
<td>This term is used to describe realignments of responsibilities across government agencies.</td>
</tr>
<tr>
<td>ML</td>
<td>A megalitre or one million litres</td>
</tr>
<tr>
<td>Operational plan</td>
<td>An agency’s operational plan provides for the services (projects and activities) the agency intends to deliver during the plan’s timeframe (one year). It also includes details about performance information that allows the accountable officer to assess performance in delivering services (projects and activities) (Financial Accountability Act 2009, s9).</td>
</tr>
<tr>
<td>Performance indicator</td>
<td>Measures the extent to which agencies are achieving their objectives.</td>
</tr>
<tr>
<td>Performance information</td>
<td>A generic term used to describe information about the performance of an agency or the government at any level of the performance management framework.</td>
</tr>
<tr>
<td>Performance management</td>
<td>Considered to be a system which integrates organisational strategic management, performance information, evaluation, performance monitoring, assessment, and performance reporting.</td>
</tr>
<tr>
<td>Performance management framework</td>
<td>The framework is designed to improve the quality, analysis and application of performance information to identify and address risks and opportunities for agencies, government and the community.</td>
</tr>
<tr>
<td>Permanent retention rate</td>
<td>Means the percentage of permanent employees still employed after a period of time. For example, if an organisation had 100 permanent employees 12 months ago and 90 of those employees are still employed, the permanent retention rate is 90 per cent.</td>
</tr>
</tbody>
</table>
Term | Definition
---|---
Permanent separation rate | Calculated by dividing the number of permanent employees who separated during a period of time by the number of permanent employees in the organisation. For example, if 12 permanent employees departed from an organisation of 100 employees over a period of time the permanent separation rate would be 12 per cent.
Permanent Water Conservation Measures (PWCM) | Low level water restrictions that were introduced across SEQ on 1 December 2009—the first time that common restrictions had applied across the region.
Portfolio | A group of departments and agencies for which a Minister is responsible.
Purified recycled water | Purified recycled water is wastewater that has been treated to a very high standard through a seven barrier process. The process uses world class technology and a strict testing regime to ensure the safety of the water, and provides multiple opportunities to identify and fix any problems that might occur.
Queensland Water Commission (the Commission) | The Commission is a statutory body. Under the Water Act 2000, the Commission’s main functions are to do the following for the SEQ region and designated regions:
- advise the Minister on matters relating to water supply and demand management for water
- advise the Minister on the delivery of desired levels of service objectives for water supplied to the SEQ region and designated regions
- facilitate and implement regional water security programs
- ensure compliance with the programs and with Commission water restrictions and to:
  - advise the Director-General, DERM on matters relating to impacts on underground water caused by the exercise of underground water rights by petroleum tenure holders
  - establish and maintain a database of information about underground water
  - prepare reports for Cumulative Management Areas.
Regional Water Security Program | As per section 360M of the Water Act 2000,
(1) Within 4 months after receiving, under division 2, advice by the commission for the SEQ region or a designated region, the Minister must make and publish—
(a) a report outlining the Minister’s response to the commission’s advice; and
(b) a regional water security program to achieve water security for the region.
(2) The program must make provision about the matters mentioned in section 360(1).
Service standard | A standard of efficiency and effectiveness to which an agency will deliver services within its budget. Standards define a level of performance that is appropriate for the service and is expected to be achieved.
Services | Services are the deliverables that will help an agency to achieve its objectives. They describe the areas in which an agency delivers services to its clients at a level appropriate to the agency.
South East Queensland (SEQ) | As defined in the Water Act 2000 s341, (1) the SEQ region is—
(a) the local government areas of the following local governments—
  - Brisbane City Council
  - Gold Coast City Council
  - Ipswich City Council
  - Lockyer Valley Regional Council
  - Logan City Council
  - Moreton Bay Regional Council
  - Redland City Council
  - Scenic Rim Regional Council
  - Somerset Regional Council
  - Sunshine Coast Regional Council; and
(b) any local government area, or part of a local government area, adjacent to a local government area mentioned in paragraph (a) and designated by gazette notice.
(2) The SEQ region also includes Queensland waters adjacent to any of the local government areas mentioned in subsection (1).
SEQ Water Grid Manager | The SEQ Water Grid Manager was established under section 6 of the South East Queensland Water (Restructuring) Act 2007. The SEQ Water Grid Manager purchases water services from Seqwater and LinkWater and sells water to the three distributor-retailers.
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<td>South East Queensland Regional Plan 2009–31 (SEQ Regional Plan)</td>
<td>The purpose of SEQ Regional Plan is to manage regional growth and change in the most sustainable way to protect and enhance quality of life in the region.</td>
</tr>
</tbody>
</table>
| SEQ water market rules                         | As per section 360ZCX of the Water Act 2000  
1) The Minister may make rules about the operation of the market (the market rules).  
2) The market rules are a statutory instrument under the Statutory Instruments Act 1992, but are not subordinate legislation.  
As the Rules Administrator, the Commission is responsible for administration and enforcement of the market rules. |
| SEQ Water Strategy                             | A plan, prepared by the Commission, to ensure the medium to long-term sustainability of water supply for SEQ.                                                                                               |
| Strategic plan                                 | A short, concise, forward-looking document used by an agency to set its direction, align the agency with the government’s objectives for the community and provide objectives and strategies for the agency. |
| System Operating Plan (SOP)                   | A plan made under section 360V of the Water Act 2000 to give effect to the Regional Water Security Program. The System Operating Plan describes rules for operating water supply infrastructure in order to achieve the desired Level of Service objectives, as specified in the Regional Water Security Program. |
| Target 200                                     | A voluntary regional residential consumption target of 200 litres per person, per day.                                                                                                                     |
| Total water cycle management (TWCM)           | Total water cycle management (TWCM) involves the integration of land use and infrastructure planning across SEQ as a whole and for major development areas, local areas and specific sites. |
| Vision                                         | Specifies what an agency hopes to become or create. A vision statement takes into account the current status of the agency and serves to point the direction of where the agency wishes to go.                                      |