Purpose of the report

This final report details the financial and non-financial performance of the Queensland Water Commission (the commission) for the period 1 July 2012 to 31 December 2012 and satisfies the requirements of Queensland’s Financial Accountability Act 2009.

Interpreter service

The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty understanding the annual report, you can contact us on 13 QGOV and we will arrange for an interpreter to effectively communicate the report to you.

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6 June 2013

The Honourable Mark McArdle MP
Minister for Energy and Water Supply
PO Box 15218
CITY EAST QLD 4002

Dear Minister,

Amendments to the Water Act 2000 by the South East Queensland Water (Restructuring) and Other Legislation Amendment Act 2012 abolished the Queensland Water Commission (the commission) with effect from the end of 31 December 2012.

Please find enclosed the commission’s final report. The final report outlines the commission’s activities, achievements and financial statements for the period 1 July 2012 to 31 December 2012.

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.


Yours sincerely,

[Signature]

Jonahman (Jon) PG Black
Director-General
Department of Energy and Water Supply

Enc: Queensland Water Commission final report
Message from the former Acting Commissioner and the former Acting Chief Executive Officer

This is the final annual report for the Queensland Water Commission (the commission) for the period 1 July 2012 to 31 December 2012.

The government committed to merging the South East Queensland (SEQ) bulk water entities and abolishing the commission as part of its Four Point Water Plan to reduce water prices. Amendments to the Water Act 2000 by the South East Queensland Water (Restructuring) and Other Legislation Amendment Act 2012 effectively abolished the commission at the end of 31 December 2012.

The commission's staff, apart from senior executive service (SES) officers, were transferred into the Department of Energy and Water Supply (DEWS) from 1 July 2012. To enable the commission to continue to exercise its legislative functions until its abolition, the Director General of DEWS and the Chief Executive Officer entered into a memorandum of understanding (MoU) for the services of relevant DEWS employees to be made available to the commission. Similarly, by way of an interchange agreement, SES officers employed by the commission carried out relevant duties for DEWS.

During the period the commission focused on:

- continuing to meet its legislative obligations under the Water Act 2000 relating to water supply and demand management and underground water management;
- supporting the government to implement the SEQ bulk water institutional reforms;
- undertaking a comprehensive stocktake of programs and projects to ensure effective progression and finalisation of activities for transfer to relevant successor entities; and
- maintaining governance frameworks and internal controls while ensuring a timely, orderly, accountable and transparent transition and dissolution of the commission.

Key achievements in delivering this work program included: publishing the first Surat Underground Water Impact Report; establishing the industry levy to support the underground water management functions; providing advice to the Minister on regional water security options; publishing the second annual report on the SEQ Water Strategy; revising the SEQ System Operating Plan; reviewing the first Manufactured Water Readiness Plan; consulting and supporting legislative changes to improve the distributor-retailer model in SEQ; and supporting the implementation of the government's decision to provide a one-off $80 rebate for SEQ household water bills.

The commission has worked with a broad range of stakeholders over the last six years and we would like to thank them and members of the wider community for their support and contribution to achievement of the commission's outcomes.

And finally, we would like to take this opportunity to sincerely acknowledge and thank the commission's former Commissioners, Chief Executive Officers, executive management, staff and corporate service providers for their dedication, expertise and professionalism in delivering the commission's significant work program since its establishment in June 2006, and in particular, during the transition period of this report.

Mary Boydell
Former Acting Commissioner

Anita Sweet
Former Acting Chief Executive Officer
About the Queensland Water Commission

The Queensland Water Commission was established under the Water Act 2000 as an independent statutory body. Amendments to the Water Act 2000 by the South East Queensland Water (Restructuring) and Other Legislation Amendment Act 2012 effectively abolished the Commission at the end of 31 December 2012.

Under the Administrative Arrangements Order (No. 4) 2012, the portfolio ministers for the commission for the period up to its abolition were the Minister for Energy and Water Supply, the Honourable Mark McArdle MP and the Minister for Environment and Heritage Protection, the Honourable Andrew Powell MP.

During the period 1 July 2012 to 31 December 2012, the principal place of business for the commission was 53 Albert Street, Brisbane, Queensland.

Functions

Under Chapter 2A of the Water Act 2000, the commission’s main functions were 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
  - 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 the commission’s water restrictions.

In terms of the commission’s coal seam gas water responsibilities, under Chapter 3 of the Water Act 2000 the commission was 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
- establish and maintain a database of information about underground water
- prepare reports for cumulative management areas.

For the period 1 July 2012 to 31 December 2012, while transitioning towards its abolition, the commission continued to carry out its functions.

Vision

The commission’s vision was safe, secure and sustainable water for regional prosperity, lifestyles and healthy ecosystems.

Purpose

The commission’s purpose was to achieve safe, secure and sustainable water supplies in SEQ and to provide sound, evidence-based advice on management of the impacts of coal seam gas (CSG) extraction on underground water resources.
## Strategic Plan 2011-12 to 2014-15
(reviewed as at June 2012)

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

### Our purpose
To achieve safe, secure and sustainable water supplies in South East Queensland (SEQ) and to provide sound, evidence-based advice on management of the impacts of Coal Seam Gas (CSG) extraction on underground water resources

### Strategic priorities contribute to Getting Queensland back on track – Statement of objectives for the community

<table>
<thead>
<tr>
<th>Commission objectives</th>
<th>Performance indicators</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan for the provision of a safe, secure and sustainable water supply for SEQ to achieve the desired Level of Service objectives</td>
<td>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</td>
<td>Continue adaptive planning and annually review the SEQ Water Strategy to provide an update on the sufficiency of water available to meet needs, and report on actions and preparedness to respond to emerging circumstances (whether driven by demand, drought or other issues) Undertake effective planning and take timely action to preserve options for future water security Provide advice on any impacts to water security and the extent to which any change to a temporary full supply level of a dam in SEQ will mitigate the impacts of a potential flood or drought</td>
</tr>
<tr>
<td>Improve the institutional and regulatory frameworks to enable efficient and cost-effective service delivery to water customers in SEQ</td>
<td>Institutional and regulatory framework improvements are delivered on time and within budget</td>
<td>Provide advice on a joint State/local government approach to reduce household prices and an approach to reduce Grid costs Provide advice on changes to institutional arrangements for the supply of water in SEQ, as requested Review and provide advice on the bulk water price for SEQ</td>
</tr>
<tr>
<td>Provide sound, evidence-based advice on management of the impacts of CSG extraction on underground water resources</td>
<td>Independent technical experts are satisfied that the Underground Water Impact Report provides sound, evidence-based advice</td>
<td>Monitor implementation of strategies in the Surat Basin UWIR and report annually Monitor development plans and provide advice on the emerging needs for additional cumulative management areas Develop and maintain a robust and transparent water information management system Develop underground water impact reports (UWIR) for cumulative management areas in accordance with legislative requirements Ensure effective monitoring, modelling and collaborative research to continue building a sound evidence base for providing advice</td>
</tr>
<tr>
<td>Ensure a capable and motivated workforce that operates within a performance-based governance framework</td>
<td>A performance-oriented workforce and effective governance enabling us to achieve our objectives</td>
<td>Build and maintain strong relationships with stakeholders and external service providers Ensure our critical capability to provide robust, timely, evidence-based and transparent information and advice Ensure transparent and accountable governance, financial administration and performance management</td>
</tr>
</tbody>
</table>

### 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 | Changes to institutional arrangements for the supply of water in SEQ are 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 fulfill our responsibilities |

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**NOTE:** As the Government has committed to abolish the Queensland Water Commission, this 2011–12 to 2014–15 plan has been updated to reflect the expected transitional direction of Queensland Water Commission’s activities while continuing to deliver on its statutory obligations.
Stakeholders

During the period 1 July 2012 to 31 December 2012, the commission continued to work closely with a wide range of stakeholders as shown below.

<table>
<thead>
<tr>
<th>Significant stakeholders</th>
<th>Plan for the provision of a safe, secure and sustainable water supply for SEQ to achieve the desired level of service objectives</th>
<th>Improve the institutional and regulatory frameworks to enable efficient and cost-effective service delivery to water customers in SEQ</th>
<th>Provide sound, evidence-based advice on management of the impacts of CSG extraction on underground water resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEQ water customers/SEQ community</td>
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<tr>
<td>Bore owners/landholders/regional communities</td>
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<td>Local councils</td>
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<tr>
<td>SEQ Water Grid Manager</td>
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<tr>
<td>LinkWater, Seqwater (Grid Service Providers)</td>
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<tr>
<td>Distributor Retailers: Queensland Urban Utilities, Unitywater, Gold Coast City Council, Logan City Council, Redland City Council</td>
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<tr>
<td>CSG industry</td>
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<tr>
<td>Australian Petroleum Production and Exploration Association (APPEA)</td>
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<td>Petroleum Tenure Holders</td>
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<td>GasFields Commission and community leaders forum</td>
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<td>Agriculture groups</td>
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<td>Agforce/Queensland Farmers Federation (QFF)</td>
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<td>Rural Water Advisory Group (RWAG)</td>
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<td>Environment groups</td>
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<td>Queensland Conservation Council (QCC)</td>
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<td>Basin Sustainability Alliance</td>
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<td>Consumer organisations</td>
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<td>Energy and Water Ombudsman Queensland (EWOQ)</td>
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<td>Queensland Council of Social Service (QCOS)</td>
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<td>Development industry (e.g. Urban Development Institute of Australia, Property Council, Housing Industry Association)</td>
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<td>Regulators</td>
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<td>Queensland Competition Authority (QCA)</td>
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<td>Department of Environment and Heritage Protection (EHP)</td>
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<td>Minister(s)</td>
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<td>State Government</td>
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<td>Department of Energy and Water Supply (DEWS)</td>
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<td>Department of Local Government and Planning</td>
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<td>Department of State Development</td>
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<td>Department of the Premier and Cabinet</td>
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<td>Queensland Treasury and Trade</td>
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<td>Department of Environment and Heritage Protection (DEHP)</td>
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<td>Department of Natural Resources and Mines (DNRM)</td>
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<tr>
<td>Commonwealth Government</td>
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<td>Department of Sustainability, Environment, Water, Population and Communities (SEWPAC)</td>
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<tr>
<td>Commonwealth Independent Expert Scientific Committee</td>
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<td>National Water Commission (NWC)</td>
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<td>Levy funding sources</td>
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<tr>
<td>Petroleum tenure holders</td>
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<tr>
<td>Grid service providers (Seqwater and LinkWater)</td>
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</table>
Highlights for the period 1 July 2012 to 31 December 2012

SEQ Water Strategy

- Progressed actions identified in the SEQ Water Strategy and issued the second annual report on the SEQ Water Strategy, providing a status report on the short and long term water security position in SEQ.

System Operating Plan

- Developed and released the System Operating Plan (SOP) Revision 4.1, which mainly updated monitoring and reporting provisions, and SOP Revision 5, which provided for arrangements to apply to the new institutional arrangements from 1 January 2013.
- As required under the SOP, reviewed the first Manufactured Water Readiness Plan, which ensures that manufactured water is available and able to be used as and when required to facilitate the achievement of the desired LOS objectives for the SEQ region.
- Reviewed the Water Supply Asset Plans, which demonstrate the plans and programs of work in place to ensure the consolidated SEQ water demand forecast can be met.

Total water cycle management plans

- Finalised sub-regional Total Water Cycle Management Plans for Caboolture West, Ripley Valley and the combined areas of Caloundra South and Palmview in consultation with key stakeholders.

Drought response planning

- Finalised a discussion paper on drought response planning for SEQ supported by well developed implementation modules.

SEQ dams full supply volume

- Led the Water Supply Security Technical (WSS) Working Group and completed modelling work and provided advice on the security of supply implications of temporary alterations to the full supply volume of dams in SEQ, where applicable under legislation.

SEQ bulk water reforms

- Worked with Queensland Treasury and Trade to develop legislation to effect the new institutional arrangements and operation of the SEQ water sector, as part of the government’s Four Point Water Plan.
- Supported implementation of the government’s decision to provide a one-off $80 rebate for SEQ household water bills, including residents of retirement villages.

SEQ distribution and retail reforms

- Consulted with distributor-retailers and councils on potential improvements to the distributor-retailer model. Supported Government on some initial legislative amendments in late 2012 with further legislative changes proposed to be considered by government in early 2013.
SEQ water market

- Facilitated a number of amendments to the SEW water market rules in August 2012 to remove duplication, improve efficiency and reduce burden on grid participants. Provided support to government departments in developing a new Bulk Water Supply Code to replace the SEQ water market rules and bulk water supply agreements and grid contracts.

Final Surat Underground Water Impact Report

- Finalised the Surat Underground Water Impact Report (UWIR) and received approval from DEHP with the approved report taking effect from 1 December 2012.

Industry levy and Expenditure Advisory Committee

- Established the levy payable by petroleum tenure holders to support the underground water management functions under the Water Act 2000. Held the first meeting of the Expenditure Advisory Committee in August 2012.

Governance and transitional arrangements

- Maintained the commission’s frameworks, plans, policies and procedures to ensure ongoing good governance, internal control, risk management and workplace health and safety while ensuring a timely, orderly, accountable and transparent transition in readiness for abolition of the commission.
Strategic challenges and opportunities

The commission’s strategic risks were:

- 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 not sufficiently clear to ensure a shared understanding and acceptance of roles and accountabilities
- quality assurance processes not agreed and 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 the commission’s responsibilities.

During the period, the commission identified the following additional strategic risk:

- Inadequate management of the wind up of the commission and transition of functions to successor entities.

To address the challenges posed by these risks, the commission:

- provided advice to the Minister on regional water security options. The Regional Water Security Program 2012 was made and published on 28 September 2012
- released SOP Revisions 4.1 and 5 and reviewed the Manufactured Water Readiness Plan and the Water Supply Asset Plans in accordance with SOP requirements
- completed a drought response planning discussion paper and progressed well developed implementation modules
- engaged with stakeholders to provide advice and input on the implementation of the SEQ Water Strategy actions
- completed and released the 2012 annual report on the SEQ Water Strategy, which updates progress of the implementation of strategy actions and provides advice on the short and long term water security position for SEQ
- finalised sub-regional Total Water Cycle Management Plans for Caboolture West, Ripley Valley and the combined areas of Caloundra South and Palmview in consultation with key stakeholders
- led the Water Supply Security Technical Working Groups for the Wivenhoe Dam and Somerset Dam Optimisation Study, and the North Pine Dam Optimisation Study in assessing the impacts of changing dam full supply level on water supply security
- undertook work to further improve understanding and management of tradeoffs between flood mitigation and water supply security for SEQ dams
- made a number of amendments to the SEQ Market Rules to reduce regulatory burden
- worked with Queensland Treasury on the legislative changes to establish and make operational a single bulk water entity in SEQ and prepared new statutory instruments to replace the SEQ Market Rules
- finalised the Surat UWIR and received approval from DEHP with the approved report taking effect from 1 December 2012
- commenced development on a robust long term underground water information management system
- continued to engage with a wide range of stakeholders during the finalisation of the Surat UWIR and for ongoing underground water management activities
- maintained implementation of the commission’s frameworks, plans, policies and procedures to ensure ongoing good governance, internal control, risk management and workplace health and safety
- monitored performance under the memorandum of understanding between the commission and DEWS for the provision of human and corporate resources for the commission during the transition period
- appointed a wind up project manager and established a project working group, with regular reporting to the commission and the Audit and Risk Management Committee
- undertook a rolling stocktake of all commission projects and activities to ensure effective progression and finalisation of activities for transfer to relevant successor entities
- developed necessary documentation to support and effect the transfer of assets and functions to successor entities.
Performance: water supply and demand management

Objective: 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.

SEQ regional water security options

In accordance with section 360I of the Water Act 2000, the Commission provided advice to the Minister on 7 August 2012 about regional water security options for SEQ.

The commission provided advice on the following:

- desired levels of service objectives for the SEQ region
- water supply works or sewerage for achieving the desired levels of service objectives, whether or not the water supply works or sewerage are in the SEQ region
- demand management for water in the SEQ region
- the extent to which implementation of the levels would involve modifying existing water supply works or sewerage, or building new water supply works or sewerage and assessing the likely costs and pricing implications of addressing these issues
- preferred ways of sharing cost, taking into account the extent to which end users of water benefit from the demand management, and the modification or building
- review of the desired level of service objectives; Water Supply Strategy; drought response planning; and Manufactured Water Readiness Plan.

The advice was considered and accepted by the Minister and reflected in the Regional Water Security Program for South East Queensland Revision 2, made on 27 September 2012. The regional water security options set out the government’s objectives for water security in SEQ and how these will be achieved.

From 1 January 2013, the provision of advice on regional water security for SEQ will become the responsibility of the new SEQ bulk water authority.

SEQ System Operating Plan

The SEQ System Operating Plan (SOP) is developed under the Water Act 2000 to facilitate the achievement of the desired levels of service objectives for the SEQ region. SOP Revision 4.1 was released on 9 July 2012. The revision reflected the handover of the Northern Pipeline Interconnector Stage 2 to LinkWater. Additionally, some minor amendments and streamlining of monitoring and reporting requirements were undertaken.

SOP Revision 5 was released on 18 December 2012, which provided for arrangements to apply to the new institutional arrangements from 1 January 2013.
Annual Operations Plan
The SOP required the SEQ Water Grid Manager to prepare an Annual Operations Plan (AOP) to demonstrate how it intends to meet the forecast demands of its customers for the next 12-month period having regard to an appropriate balance between security and cost efficiency outcomes. The AOP was approved in November 2012 and subsequently published in December 2012.

Manufactured Water Readiness Plan
The SOP included a process for planning and demand forecasting and required the preparation of a Manufactured Water Readiness Plan (Readiness Plan) to ensure manufactured water is available to be used as and when required to facilitate the achievement of the desired LOS objectives for the SEQ region. Seqwater prepared and submitted the Readiness Plan for the Gold Coast Desalination Plant and the Western Corridor Recycled Water Scheme in September 2012, which was reviewed by the commission in November 2012.

Water Supply Asset Plans
In August 2012, the SEQ Water Grid Manager submitted to the commission a consolidated SEQ water demand forecast of the annual water demands to be supplied for the 20 years commencing 1 July 2012.

Seqwater and LinkWater used the consolidated SEQ water demand forecast to produce Water Supply Asset Plans (WSAPs) in accordance with the SOP. The WSAPs are required to demonstrate that plans, programs of work and associated budgets, processes and procedures are in place to ensure the consolidated SEQ water demand forecast provided by the SEQ Water Grid Manager can be met.

The WSAPs inform planning and options to achieve water security in the SEQ region, including facilitating the achievement of the desired levels of service objectives for SEQ. The WSAPs were reviewed by the commission in December 2012.

SEQ Water Strategy
The commission continued to implement key actions of the SEQ Water Strategy, a long-term blueprint for ensuring a sustainable, efficient and secure water supply for SEQ into the future.

Annual review and report on SEQ Water Strategy 2012
Progress in implementing the strategy was monitored and the second annual report on the SEQ Water Strategy was finalised in November 2012 and published on the commission’s website in December 2012. The report documents the status of the region’s short and long-term water security. The principal objectives of this report were to:

- review the planning assumptions adopted by the strategy. These assumptions include population growth, regional water consumption trends, effects of embedded efficiency, climate and weather impacts, the operation of the SEQ Water Grid and government policy decisions, and
- report on the progress of the key actions identified in the strategy.

Future supply options planning
Desalination investigation
Further planning investigations were undertaken to improve understanding of options for potential future desalination sites. An independent review was completed in August 2011 of the Marcoola and Lytton priority sites, and Bribie Island and Tugun reserve sites. The review confirmed the suitability of these sites subject to further detailed technical, environmental and economic assessments. The future of the sites will be dependent on further consideration by Government.

Upper Mary River water supply options
The SEQ Water Strategy had identified options to develop additional water supply sources in the Upper Mary River catchment including utilising a raised Borumba Dam, off-stream storage and a weir.

Preliminary discussions were held with the Sunshine Coast and Gympie Regional Councils, Mary River Catchment Coordinating Committee and the Queensland Conservation Council on the proposed investigations in the Upper...
Mary River. As a result of the abolition of the commission, the responsibility for developing new water supplies will be transferred to the new SEQ bulk water authority.

**Future water supply options to Beaudesert and Canungra**

The commission coordinated this project to investigate the provision of a prudent, efficient and reliable water supply to the stand-alone communities in the Scenic Rim Regional Council (Scenic Rim). A collaborative assessment of options involving relevant stakeholders (including Scenic Rim, Seqwater, LinkWater, the SEQ Water Grid Manager, Queensland Urban Utilities and Allconnex Water) was completed. A final report on options assessment and recommendations has been finalised. The options being progressed by Seqwater and LinkWater will now transition to the new SEQ bulk water authority.

**Rural water**

The Rural Water Advisory Group (RWAG) (consisting of irrigators from the five schemes in SEQ, Queensland Farmers Federation, Seqwater, DNRM and the commission) met, generally quarterly, to advise on issues relating to rural production and to assist in prioritising rural water projects. The commission coordinated the RWAG meeting in November 2012 and advised that the commission would be abolished. Future management of the group will be determined through the new SEQ institutional arrangements.

**Drought response planning**

The SEQ Water Strategy and drought response planning are inter-dependent. Drought response planning supports water supply security by being prepared for what needs to happen in the lead up to, during, and after any future drought in the SEQ region. The commission prepared a discussion paper on drought response planning covering principles, preparedness actions, drought responses, basic scenario modelling and exit strategies, supported by a package of implementation modules. The new SEQ bulk water authority will be responsible for drought response planning in SEQ in the future.

**Demand and supply analysis**

**Demand management**

Following the review of Permanent Water Conservation Measures (PWCM) and removal a number of primarily non-residential measures in April 2012, the commission continued to work with the water service providers to ensure appropriate implementation and a smooth transition to the revised PWCM and Water Efficiency Management Program (WEMP).

The PWCM ceased with the abolition of the commission on 31 December 2012. Future water conservation measures will be a matter for consideration by the SEQ water service providers.

**Demand analysis/forecasting and supply modelling**

Demand analysis/forecasting and supply modelling continued to inform regional water security planning and projects, regional water security options advice, review of the SEQ Water Strategy assumptions, drought response planning, bulk water pricing and SEQ dams full supply level advice.

**Implementation of Queensland Floods Commission of Inquiry recommendations**

**Wivenhoe and Somerset Dam Optimisation Study and North Pine Dam Optimisation Study**

The commission provided input to the Wivenhoe and Somerset Dam Optimisation Study (WSDOS) and the North Pine Dam Optimisation Study (NPDOS) by assessing the impacts of changing dam full supply level on water supply security and providing water supply security options. The commission chaired and lead the Water Supply Security Technical (WSS) Working Group and completed modelling work on scenarios for permanently lowering the dams.

The commission was also a member of the Flood Management and Dam Operation Technical Working Group, providing support and review of work.
Full supply level of dams
Recommendation 2.4 of the Interim Report of the Queensland Floods Commission led to changes in the *Water Act 2000* to enable temporary alterations to the full supply level of dams. Under the *Water Act 2000*, the commission provided advice to government in October 2012 on the security of supply implications of temporary alterations to the full supply volume of dams in SEQ.

The process for declaring temporary full supply levels for relevant dams to mitigate potential emergencies was transferred from the *Water Act 2000* to the *Water Supply (Safety and Reliability) Act 2008*. This consolidated the process for declaring a temporary full supply level with other dam safety and flood mitigation provisions managed by DEWS.
Objective: 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.

SEQ bulk water reforms

Merger of SEQ bulk water entities

Under its Four Point Water Plan to reduce household water prices in SEQ, the government made a commitment to merge the SEQ bulk water entities (Seqwater, LinkWater and the SEQ Water Grid Manager) and abolish the Queensland Water Commission. The commission supported the Interdepartmental Committee (IDC) on the SEQ Water Industry and the Amalgamation Project Team in delivering this commitment.

The commission, working with Queensland Treasury and Trade, supported the development of the South East Queensland Water (Restructuring) and Other Legislation Amendment Bill 2012, which in particular, amended the South East Queensland Water (Restructuring) Act 2007, the Water Act 2000 and the Water Supply (Safety and Reliability Act) 2008 to give effect to the new institutional arrangements and operation of the SEQ water sector. The commission also supported government departments to develop a new statutory instrument (Code) to replace the SEQ water market rules and prepare the new bulk water supply agreements between the merged bulk water authority and its bulk water customers (replacing the previous grid contracts) in consultation with stakeholders.

The new merged bulk water authority commenced operations on 1 January 2013. The commission was effectively abolished and ceased operation at the end of 31 December 2012.

Bulk water costs and pricing

As part of the government’s Four Point Water Plan, and as an outcome of the accelerated bulk price review undertaken in early 2012, the Commission supported implementation of the government’s decision to provide a one-off $80 rebate for SEQ household water bills to be provided in the first quarter of 2013.

The government agreed that a comprehensive review of long-term bulk water prices be undertaken during 2012-13. The commission, in consultation with DEWS, undertook the planning and preliminary work for the review, including development of an enhanced pricing model and identification of review assumptions and modelling scenarios.

The review will be completed by DEWS with a report due to government in March 2013.

Long-term economic regulation of bulk water supply

As the merged bulk water entity is a monopoly provider of bulk water services in SEQ, there is a need to develop an economic regulatory framework to ensure the costs associated with bulk water supply are prudent and efficient. This will ensure bulk water prices over time reflect costs of efficient service delivery.

The commission supported the development of an options paper prepared by Queensland Treasury and Trade (QTT) for a future economic regulatory framework for the SEQ bulk water authority. The proposed approach was endorsed by the Water Inter-Departmental Committee (IDC) in October 2012 and development of a long-term framework will commence in mid-2013, led by DEWS in consultation with key stakeholders.

SEQ distributor-retailer reforms

SEQ distributor-retailer reforms

On 17 February 2012, the Queensland Government passed the South-East Queensland Water (Distribution and Retail Restructuring) and Other Legislation Amendment Act enabling Gold Coast, Logan and Redland City Councils to withdraw from Alconnex Water and resume the delivery of water and wastewater services to customers in their local government areas from 1 July 2012.
In April 2012, the government asked all SEQ councils if they wished to remain with the distributor-retailer model or re-establish commercialised council water businesses. The Allconnex Water councils confirmed their decisions to withdraw resulting in its dissolution in September 2012. The commission assisted in the dissolution process through developing; the Retransfer Scheme and retransfer notices for transfer of assets, liabilities, instruments and employees; transfer and archiving of records; the gazetted notices for dissolution; and the tabling in parliament of Allconnex Water’s final annual report and financial statements.

The other SEQ councils resolved to stay with their respective distributor-retailers, Queensland Urban Utilities and Unitywater. The commission supported consultation with the distributor-retailers and participating councils on potential improvements to the distributor-retailer model. Some initial legislative amendments were progressed in late 2012 with further legislative changes to be progressed by DEWS for consideration by government in early 2013.

SEQ customer protection measures
The Customer Water and Wastewater Code sets customer protection measures and the obligations of both customers and of service providers for residential and small business customers. This reflects the small customer’s rights to a minimum level and range of services, particularly as water has become an increasing cost of the household budget.

The commission supported the continued development of customer protection measures to ensure ongoing levels of customer service in SEQ. These included amendments to the code to reflect the dissolution of Allconnex; and commenced work on the review of the Energy and Water Ombudsman Queensland. From January 2013, this work will be progressed by DEWS.

SEQ water market
Changes to market rules
As part of the government’s commitment to reduce regulatory burden, the commission facilitated a number of amendments to the SEQ water market rules in August 2012 to remove duplication, improve efficiency and reduce burden on grid participants. The amended market rules were published on the commission’s web site.

As a result of the merger of the SEQ bulk water entities and changes to the institutional arrangements and operation of the SEQ water sector, the commission supported government departments to develop a new statutory instrument (Code) to replace the SEQ water market rules and bulk water supply agreements (directly between supplier and bulk water customer) to replace the grid contracts (which operated with the water grid manager as counterparty to all contracts).
Performance: coal seam gas water

Objective: 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.

Final Surat Underground Water Impact Report

The Surat Cumulative Management Area was declared in March 2011. As a result, the commission prepared a draft Surat Underground Water Impact Report (UWIR) in accordance with the requirements of the Water Act 2000, which was released for public consultation on 17 May 2012. Having regard to the submissions received during the public consultation period, the commission amended the draft Surat UWIR and the final Surat UWIR was submitted to the Chief Executive of DEHP for approval on 18 July 2012. The final Surat UWIR was approved on 18 October 2012 with effect from 1 December 2012 with some conditions requiring additional reporting.

In accordance with legislative requirements, the commission published the final Surat UWIR on its website, published a notice about the approval in newspapers, and mailed a copy of the published notice to bore owners in the Surat CMA.

The commission continued to provide assistance to individual bore owners to understand the likely future impacts on water levels at the location of their bores, and commenced engagement with petroleum tenure holders about implementation of the Surat UWIR. There will be an annual report on the implementation of the Surat UWIR in December 2013 and an update of the Surat UWIR is to be completed by 1 December 2015.

Regional groundwater flow model

A regional groundwater flow model was constructed on the basis of hydrological understanding of the groundwater system. The model was used to make predictions about the impacts of current and planned gas field development on water levels in the coal bearing formations as well as the surrounding aquifers. It was also used to design the regional water monitoring strategy and the spring impact management strategy, which are contained within the UWIR.

Over the reporting period, planning progressed for the exploration of new approaches to modelling the movement of groundwater where gas is also present. Research was also planned into the connectivity between the coal formations and adjacent aquifers. This involves desk top studies and the acquisition of field data in coordination with other research groups. The planning has been carried out with independent technical experts, research bodies and coal seam gas companies. This research will inform the development of the next generation of the regional groundwater flow model and the subsequent updating of the Surat UWIR.

Water monitoring strategy

The Surat UWIR contains a water monitoring strategy to be implemented by CSG companies. To prepare the strategy, the commission completed an inventory of existing water monitoring networks in the Surat CMA operated by government agencies or by individual CSG companies. A selection of existing monitoring works were identified to form part of an ongoing long term regional water monitoring network. Additional monitoring points to be constructed by petroleum tenure holders were identified to complete an integrated regional water monitoring network.

Over the reporting period the commission reviewed the water monitoring strategy in the draft UWIR in response to submissions received, in preparing the final UWIR. Subsequently, the commission has updated the monitoring data sets and liaised with CSG companies to establish arrangements for the ongoing reporting of data.
Spring impact management strategy

The Surat UWIR contains a spring impact management strategy to be implemented by CSG companies. To prepare the strategy, the commission carried out field studies to collect data about the ecological values of springs and the source aquifers that feed the springs. That information was used in conjunction with predictions about water pressure impacts in the source aquifers, made using the regional groundwater flow model, to develop the spring impact management strategy.

Over the reporting period (i.e. 1 July to 31 December 2012), the commission has worked with CSG companies as they prepare to carry out their responsibilities under the Surat UWIR. The commission has also commenced research projects in collaboration with CSIRO, to improve understanding of the hydrological setting of certain springs in the Surat CMA. Field studies including sampling were in progress at the end of the reporting period.

Stakeholder engagement

The commission continued to engage with a wide range of stakeholders during the finalisation of the Surat UWIR and for ongoing underground water management activities. Stakeholders included CSG companies and petroleum tenure holders; the GasFields Commission; the Basin Sustainability Alliance; community and agricultural industry leaders; the Commonwealth Department of Sustainability, Environment, Water, Population and Communities; the Commonwealth Independent Expert Scientific Committee; relevant government departments; and the CSIRO and other research bodies.

After the UWIR was approved in October 2012 (with effect from 1 December 2012), the commission briefed the GasField commissioners and key stakeholder groups on the coordination of research into connectivity between aquifers in the Condamine alluvial area. The commission established arrangements to maintain community engagement on relevant research activities. The commission continued to engage with officers of commonwealth agencies to coordinate research activities.

Industry levy and Expenditure Advisory Committee

The commission established the levy payable by petroleum tenure holders to support the Commission’s underground water management functions under the Water Act 2000. As required under the Act, the Commission also established an Expenditure Advisory Committee to provide advice on the planned expenditure on its underground water management functions. The first meeting of the committee was held in August 2012. Invoices were issued to petroleum tenure holders for the levy to cover planned expenditure on underground water management functions for 2012-13.

Continuation of the underground water management functions

The South East Queensland Water (Restructuring) and Other Legislation Act 2012 established new arrangements for delivering the functions carried out by the commission. The changes commenced from 1 January 2013. The Act established an ‘Office of Groundwater Impact Assessment’ and assigned the commission’s underground water management functions to the new office. The office is housed within the DNRM but is required to implement the underground water management functions independently. The Act provides for a continuation of the industry levy that funded the commission’s underground water management functions.
Performance: enabling strategies

Objective: 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.

Governance, risk and compliance

The commission’s strategic governance and risk function provided high-level strategic advice to the commission and was responsible for ensuring the commission had 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 was also responsible for the commission’s compliance functions, providing advice on legal, regulatory and compliance issues, and managing strategic projects.

The commission maintained its internal control, risk and compliance systems to ensure its business processes and procedures remained robust. Financial accountability continued to be a focus through the operation of the Financial Compliance Committee and the commission utilised its internal audit resources to ensure effective governance and control mechanisms were maintained.

The strategic function was critical for the commission and complemented the corporate support provided by the Business and Corporate Partnership.

Transitional arrangements

In response to the government’s commitment to abolish the commission, the primary focus for the strategic function during the period 1 July 2012 to 31 December 2012 was to maintain the commission’s frameworks, plans, policies and procedures to ensure ongoing good governance, internal control, risk management and workplace health and safety while ensuring a timely, orderly, accountable and transparent transition in readiness for abolition of the commission.

The commission recognised and managed the additional strategic risk associated with the transition.
Service delivery statement

The commission’s service areas, service standards, targets and estimated actual results are contained in the service delivery statements (SDS) that form part of the state budget documentation each year. The SDS provides budgeted financial and non-financial information for the budget year.

The following section provides details of the commission’s performance against the 2012-13 Budget Paper No. 3 - Service Delivery Statements for the period 1 July 2012 to 31 December 2012, including results against targets.

As the commission was abolished from the end of 31 December 2012, the service standards will be discontinued in the 2013-14 SDS.

Performance statement

<table>
<thead>
<tr>
<th>Queensland Water Commission</th>
<th>Notes</th>
<th>2012-13 Target/est.</th>
<th>2012-13 Est. actual #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service standards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finalisation of SEQ Water Strategy actions on time and within budget</td>
<td>1</td>
<td>90% - 100%</td>
<td>70%</td>
</tr>
<tr>
<td>Institutional and regulatory framework improvements delivered on time and within budget</td>
<td>2</td>
<td>85% - 90%</td>
<td>85%</td>
</tr>
<tr>
<td>Independent technical expert panel members’ satisfaction that the Surat underground water impact report provides sound, evidence-based advice</td>
<td>3</td>
<td>80% - 85%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Notes:

# The *South East Queensland Water (Restructuring) and Other Legislation Amendment Act 2012* effectively abolished the Queensland Water Commission at the end of 31 December 2012. The estimated actual for 2012-13 represents the Commission’s performance for the period 1 July to 31 December 2012.

1. This measure reflected the commission’s efficiency in planning for the provision of secure and sustainable water supply for SEQ to achieve the desired Level of Service objectives. This measure assessed the progress of the suite of SEQ Water Strategy key actions, some of which are the responsibility of other agencies. Performance against these actions was based on the consolidated 26 activity groupings published in the SEQ Water Strategy Annual Report 2012. Twenty activity groupings were planned for completion from 1 July 2012 to 31 December 2012 and 14 were completed, forming the basis of the actual performance of 70 per cent.

2. This measure reflected the commission’s efficiency in improving the institutional and regulatory frameworks to enable efficient and cost-effective service delivery to water customers in SEQ.

3. This measure reflected the commission’s effectiveness in providing sound, evidence-based advice on management of the impacts of coal seam gas extraction on underground water resources.
Financial performance summary

Financial performance

The commission’s statement of comprehensive income shows total income for the period 1 July to 31 December 2012 from all sources was $7.768 million, with total expenditure of $7.768 million.

Income

The commission’s total income for the period was $7.768 million. The sources of income included a water service provider levy of $5.671 million, CSG water levy of $1.935 million and $0.162 million in other revenue, principally bank interest received.

Expenses

The commission’s total operating expenses for period were $7.768 million. Major expenses in delivering services under the Water Act 2000 included employee expenses, and supplies and services. Employee expenses for the period were $2.999 million representing 38.6 per cent of total operating expenses.

Supplies and services of $3.659 million included consultants and contractors providing specialist expertise, service provider costs for corporate services provided by the DEWS 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 47 per cent of total expenditure.

Grants and subsidies amounted to $0.562 million including $0.544 million to repay seed funding received for the underground water management function.

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.
Financial position

With the effective abolition of the commission at the end of 31 December 2012, ‘Designation of Transfer’ notices by the Minister for Energy and Water Supply together with a ‘Departmental Arrangements’ Notice were made. The assets and liabilities of the commission were transferred by the end of 31 December 2012 to relevant government agencies/departments at the pre-transfer carrying value of $13.176 million for total assets and $9.484 million for total liabilities.

The final balance sheet discloses nil assets, nil liabilities and nil equity.
Corporate governance

Organisational structure

In response to the government’s commitment to abolish the commission, all commission staff, apart from the CEO and senior executive service (SES) officers, were transferred to the DEWS effective 1 July 2012.

To enable the commission to continue to exercise its legislative functions under the Water Act 2000 until its dissolution, the Director-General of DEWS and the commission’s CEO entered into a memorandum of understanding (MoU) for the services of DEWS employees to be made available to the commission. Similarly, by way of an interchange agreement, SES officers employed by the commission carried out duties for DEWS. Appropriate allocation of costs and invoicing arrangements were put in place to ensure accountability and transparency of the commission’s two levies, payable by water service providers and petroleum tenure holders.

Acting Commissioner

Mary Boydell
BComm, FCA, MAICD

Appointed as Commissioner on 19 June 2009 to 18 June 2012. She was appointed Acting Commissioner on 19 June 2012 for the period to abolition of the Commission or twelve months, whichever was less.

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 Board Member of the CSIRO and a Director of Uniquest Pty Limited and UATC Pty Ltd.

Ms Boydell’s former appointments include: Director of Energex Limited, 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 was responsible for the strategic policy direction of the commission.

Remuneration of the Commissioner

The commissioner was 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

For the period 1 July to 31 December 2012, the Executive Management Team (EMT) was comprised of:

- the former Chief Executive Officer (until 31 August 2012)
- the Acting Chief Executive Officer
- the general managers of each of the four commission business groups (Regional Planning and Policy; Water Reform; Coal Seam Gas Water; Strategic Governance and Risk)
- the Director, Corporate Services, former DERM.

The EMT provided advice to the commission on the development of its strategic direction, and was responsible for the delivery of key operational activities through a range of plans, strategies and policies.

Acting Chief Executive Officer

Anita Sweet

BA/LLB, LLM, Graduate Diploma in Information Management Archives Administration

Anita Sweet was the Acting Chief Executive Officer of the commission from 1 September to 31 December 2012, responsible for its efficient and effective administration and for ensuring an orderly, accountable and transparent transition and dissolution of the commission.

Anita joined the commission in May 2008 as Manager of Legal Support for the Water Reform team, supporting development of legislation and regulatory frameworks for institutional reform of the water sector in SEQ. In 2010, she became General Counsel for the commission, managing a small team to provide legal support in respect of the commission’s governance, risk management and compliance frameworks and performance of statutory, regulatory and other responsibilities.

Anita is a solicitor and has had 18 years experience in the public sector working in various legal roles, including for Queensland Parliament conducting legal research and supporting Parliamentary Committees such as the Public Accounts Committee and Scrutiny of Legislation Committee. Anita has also worked for Disability Services Queensland developing strategic policy, legislation and compliance frameworks.

Former Chief Executive Officer

Karen Waldman

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

Karen Waldman was the Chief Executive Officer of the commission from May 2010 to 31 August 2012, with responsibility for its efficient and effective administration and operation.

Karen worked in the water and electricity industries in New South Wales for 20 years prior to being involved in the implementation of water reform in SEQ in regulatory, planning and operational roles at the distribution-retail level.

In New South Wales (NSW), Karen held various general manager positions at Integral Energy and was responsible for developing business strategy, economic regulatory outcomes, operations and maintenance, environmental and demand management, climate change initiatives and information management.

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 an architectural and construction company, specialising in project management.

Acting General Manager, Regional Planning and Policy

Richard Priman was the Acting General Manager, Regional Planning and Policy for approximately four and a half months during the period 1 July 2012 to 31 December 2012. Judith Jensen acted in the position from 1 August 2012 to 17 September 2012. Richard and Judith were responsible for providing policy and planning advice on regional water supply security, temporary alterations to dam full supply levels, supply infrastructure, water information management and drought response.
Richard Priman
B.E. (Civil), MIE Aust, CPEng, M Pub Ad
Richard has more than 35 years experience in the sustainable management and development of water resources and provision of urban water services. His knowledge includes policy development, project management, water allocation and management, water supply security planning, infrastructure planning and development, and urban water planning, design, asset management and operations. Richard was a project director for regional water supply planning, collaborating with water service providers SEQ from the mid 1990s and was an early appointment to the commission in Regional Planning and Policy in 2006 before leaving in 2009.

Judith Jensen
LLB
Judith holds a Bachelor of Laws and is admitted as a lawyer to the Supreme Court of Queensland. Judith was the General Manager, Liaison Office, DEWS. Since 2002, Judith has held legal policy positions in the water and natural resource department portfolios, and has led the development and implementation of major water related legislation.

General Manager, Regional Planning and Policy
Abel Immaraj
MSc Engineering, Diploma of Hydraulic Engineering
During the period 1 July 2012 to 31 December 2012, Abel was the Program Director for the SEQ Amalgamation of Bulk Water Entities Project.
Abel Immaraj joined the commission in August 2011. Abel has more than 22 years of experience within the water industry in public, private and non-government sectors. Abel initially worked in the NSW Department of Water Resources and Department of Land and Water Conservation. In these departments, Abel managed natural resources with an emphasis on water. He led resource assessment, planning and review functions with multidisciplinary teams of scientific, technical and field staff. Later, as a member of the New South Wales Water Reform Task Force he helped transform water management in NSW through the development and implementation of the NSW Water Management Act 2000.
In 1999 Abel became the General Manager of NSW State Water and then inaugural Chief Executive Officer of the NSW State Water Corporation, successfully transforming it from a government department to a corporatised commercial business, during times of a major flood and record drought.

General Manager, Water Reform
Gayle Leaver
Bachelor of Arts, Australian and Comparative Studies, Griffith University, Brisbane, Australia and Graduate Diploma in Education, GAICD
Gayle was the General Manager, Water Reform and had broad ranging responsibilities covering market efficiency, including bulk water pricing, and the development and implementation of customer protection measures through the Customer Code.
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.
General Manager, CSG Water

Randall Cox
BSc, MSc, Graduate Diploma in Public Management

Randall was the General Manager, CSG Water and was responsible for providing sound, evidence-based advice on management of the impacts of CSG extraction on underground water resources.

Randall Cox joined the commission in October 2010. Prior to that Randall held director positions in water policy within the former 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.

General Manager, Strategic Governance and Risk

Danny Short
BCom, CPA

As the General Manager, Strategic Governance and Risk, Danny was 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.

Danny Short joined the commission in July 2011. Danny has over 22 years of experience in senior and executive management roles across a variety of corporate governance, financial management, performance and risk positions. Prior to joining the commission, Danny worked in a number of roles across various Queensland Government departments including Public Works, Housing and Communities.

Danny is a CPA and holds a Bachelor of Commerce and his previous role was as the Director of Finance, Housing, Homelessness and Properties within the former Department of Communities with responsibility for financial performance, management and strategy. Throughout his career, Danny implemented a range of governance measures, built frameworks to assist in assessing risk, and has had significant involvement with many stakeholder committees and key central agencies.

Director, Corporate Services

David Suthers

As the Director of Corporate Services, David led and managed the delivery of corporate operational and governance support to the Commission under a service level agreement. He was responsible for effective account, relationship and stakeholder management concerning the agreement.

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

Commission meetings

During the period 1 July to 31 December 2012, the Commission met on five occasions. The Acting Commissioner, Acting Chief Executive Officer, Executive Management Team, Executive Officer and the Director, Corporate Services attended commission meetings.
Committees and advisory groups

Audit and Risk Management Committee

For the period of 1 July to 31 December 2012, the committee met on four occasions – three regular meetings and one special meeting to review the commission’s financial statements.

The role of the Audit and Risk Management Committee (ARMC) was to assist the Acting Commissioner and Acting Chief Executive Officer to discharge their duty to manage the commission efficiently, effectively and economically and maintain appropriate systems of internal control and risk management.

In addition, the committee provided oversight of the commission’s internal audit function and external audit process, reviewed the commission’s financial statements, monitored compliance with legislative and regulatory requirements, and promoted a culture of lawful and ethical behaviour.

The ARMC continued to operate in accordance with the terms of its charter, which was developed in the context of the:

- Financial Accountability Act 2009
- Financial and Performance Management Standard 2009

The commission reviewed the charter annually to ensure it was contemporary and continued to provide for the effective and efficient operation of the ARMC.

The ARMC was comprised of an independent chair, Mr Peter G Dowling and the Acting Commissioner. The ARMC maintained effective working relations with the commission, senior management, and internal and external auditors.

Chair, Peter G Dowling

Mr Dowling is a Chartered Accountant and was previously a partner of international accounting firm Ernst & Young. He is a Fellow of CPA Australia, the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Mr Dowling was made a Member of the Order of Australia in 2007. He is a director of CUA, the Cooperative Research Centre for Infrastructure and Engineering Asset Management, CPA Australia, Credit Union Foundation Australia, Lexon Insurance, Superior Coal, SPYRUS and Virgin Blue’s aircraft leasing subsidiaries, and is the Queensland Honorary Consul for Botswana.

He is also the Chair of the Sunshine Coast Regional Council’s Audit and Risk Committee, the Queensland Transport and Main Roads’ Audit and Risk Committee and the Queensland Crime and Misconduct Commission’s Audit Committee.

Remuneration of the Chair

Remuneration to the independent chair of the ARMC was determined at the discretion of the commission in accordance with best practice. For the period of 1 July to 31 December 2012 remuneration to the chair totalled $5,775 (exclusive of GST).

Underground Water Management Levy Expenditure Advisory Committee

Section 360FA of the Water Act 2000 provides that the commission’s underground water management functions under Chapter 3 of the Water Act 2000 be funded by a levy on petroleum tenure holders. Section 360FA of the Water Act 2000 provides that the Commission is to consult with a relevant advisory body on the planned expenditure that is to be recovered through the levy. The Expenditure Advisory Committee was established under Section 360C of the Water Act for that purpose. The role of the Expenditure Advisory Committee is to advise the commission about its estimated costs for performing the commission’s functions under chapter 3 of the Water Act 2000.
The Expenditure Advisory Committee is a government advisory body that was approved by the then Premier of Queensland in December 2011. The independent chair and members were appointed to the committee by the Queensland Water Commissioner in January 2012.

Membership of the Expenditure Advisory Committee reflects the composition of the former Surat Basin Engagement Group. The former Chair of the Basin Engagement Group (John Cotter) is the Chair of the Expenditure Advisory Committee. Two of the members of the Expenditure Advisory Committee represent the petroleum and gas industry: Rick Wilkinson, the Chief Operating Officer of the Australian Petroleum Production and Exploration Association--Eastern Australia and Janet Hann, General Manager, CSG to LNG Project at Origin Energy. The other two members of the Expenditure Advisory Committee represent the broader interests of the agricultural/grazing sector and general community: Ian Burnett, President of AgForce Queensland and Peter Blundell, Chairman of the Queensland Murray–Darling Committee and Mayor of the Southern Downs Regional Council. The first meeting of the committee was held in August 2012.

Service Level Agreement Review and Management Committee

During the period 1 July 2012 to 31 December 2012, the Service Level Agreement Review and Management Committee ceased as a result of the implementation of the Queensland Government’s departmental restructure. To ensure the functions of the commission continued to be performed effectively and efficiently, an MOU was established between the Commission and DEWS which included the provision of corporate services. Governance arrangements continued unchanged until the effective abolition of the commission, although employees and senior managers performed work for both the commission and DEWS during the transition period. Senior managers and the Acting Chief Executive Officer maintained performance of the commission’s functions under the terms of the MOU during this period.

Shared Values Committee

The Shared Values Committee was established to generate and contribute to initiatives aimed at the implementation and promotion of shared values throughout the commission.

As a result of the implementation of the Queensland Government’s departmental restructure, the commission employees were transferred to DEWS effective 1 July 2012. As a result of the transition of commission employees to DEWS and the commission’s wind up activities, the Shared Values Committee initiatives ceased. Employees contributed to DEWS values and ethical culture, while performing functions, as required, for the commission during the period 1 July 2012 to 31 December 2012.

Expert Advisory Panel

The commission established an expert advisory panel in 2006 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 provided advice about technical issues associated with the treatment and use of purified recycled water, including:

- water quality criteria for purified recycled water
- development and review of the Manufactured Water Readiness Plan
- the capability of the proposed technology
- commissioning and validation requirements
- ongoing monitoring requirements
- responses to incidents in recycled water quality or system performance
- reporting requirements for water quality
- water quality standards, emerging chemicals of concern and source control as they may arise.

The panel held its last meeting in this form on 14 June 2012 and provided its report to the commission on 3 August 2012. No financial support was provided to the panel from 1 July 2012 to 31 December 2012.
Managing and monitoring performance

The commission continued to manage its performance in accordance with the Queensland Government’s Performance Management Framework and the Commission’s Performance Management Framework (PMF). The PMF was an integrated approach to planning, budgeting, performance management and corporate governance.

The commission was committed to effective performance management as a critical component of its overarching Governance, Risk and Compliance Framework. Under the PMF, the commission ensured that the Queensland Government’s objectives for the community informed its strategic objectives and performance indicators, services and service standards.

The commission’s strategic plan was updated to reflect the transitional direction of the commission while continuing to deliver on its statutory obligations until abolition. The commission’s performance was reported through budget documentation and the annual report.

Risk management

The commission’s risk management approach met the international risk management standard, AS/NZ ISO 31000:2009. Risk management was embedded in business activities and systems — including strategic and operational planning, project management and other decision-making processes.

As part of the strategic and operational planning process, strategic and operational risks were identified and assessed. Strategic risks were then incorporated into the Strategic Plan 2011–15. Operational risks were captured in operational risk registers for each business group.

Extreme and high level operational risks were reported monthly to the Executive Management Team. Low and medium operational risks were monitored by each business group on an ongoing basis as part of each business group’s operational plan.

Strategic risks were monitored by both the Executive Management Team and the commission on a monthly basis. Strategic risk reports, incorporating the risk treatment and effectiveness of the mitigation strategies, were also provided to the ARMC on a quarterly basis.

Internal audit

The commission’s internal audit function operated under a formal charter that provided 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**

The commission reviewed the charter annually to ensure it was contemporary and continued to provide for the effective, efficient and economic operation of the commission’s internal audit function.

The internal audit function’s primary aims were 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 was to assist the Executive Management Team in the effective discharge of their responsibilities to the commission — in the areas of risk management, internal control and corporate governance. This was achieved by providing independent appraisals of the adequacy and effectiveness of the risk management, internal control systems and governance frameworks.

For the period 1 July 2012 to 31 December 2012 the commission allocated its internal audit resources based on identified priorities associated with the abolition of the commission and input from the former Chief Executive Officer, the Acting Commissioner and the ARMC.
External scrutiny

The commission was an independent statutory body with probity and propriety obligations. It was accountable for decision making in achieving its goals and discharging its statutory responsibilities.

The commission was subject to independent scrutiny through external audit, internal audit and special reviews. The ARMC reviewed the results of independent external audits undertaken by external auditors on behalf of the Queensland Audit Office and the Auditor-General, and those audits outsourced to internal audit consultants.

Shared services

During 2011–12, Queensland Shared Services (QSS) provided financial, human resource and facilities functions to the Commission. The activities of QSS are reported in the annual report of the Department of Housing and Public Works. QSS is now part of the Department of Science, Information Technology, Innovation and the Arts.
People

In response to the government’s commitment to abolish the commission, all commission staff, apart from the Chief Executive Officer and SES officers, were transferred to DEWS effective 1 July 2012.

To enable the commission to continue to exercise its legislative functions under the Water Act 2000 until its abolition, the Director-General of DEWS and the Chief Executive Officer entered into a Memorandum MoU for the services of DEWS employees to be made available to the commission. Similarly, by way of an interchange agreement, SES officers employed by commission carried out duties for DEWS.

An Acting Chief Executive Officer was appointed for the period 1 September to 31 December 2012 after the resignation of the former Chief Executive Officer effective 31 August 2012.

During the period 1 July 2012 to 31 December 2012, the commission continued to deliver relevant elements of its human resource strategic plan to ensure delivery of key priorities and to provide a safe and healthy work environment where the diversity, capability and performance of staff was maximised and recognised.

A safe workplace

The commission committed to ensuring the health and safety of its employees, which was articulated through its statement of WHS commitment. The commission continued implementation of appropriate governance arrangements and suite of workplace health and safety policies and procedures. The commission provided support to staff in utilising the commission’s WHS systems.

During the period no lost time was recorded for work-related injuries. The commission had a designated workplace health and safety (WHS) adviser.

A WHS audit was conducted of the commission’s workplace in October 2012. No safety concerns were identified and reported. The commission had a designated Emergency Response Team and provided fire safety training to commission staff, in accordance with the Building Fire Safety Regulation 2008.

Equal employment opportunity

The commission (and through its staffing arrangements with DEWS) provided 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).

Employee assistance and support

The Employee Assistance Program, a personal counselling service – provided by PPC Worldwide – was made available to employees (and through staffing arrangements with DEWS) to assist with the resolution of personal and work-related problems that could have affected work performance or quality of life.

The Employee Assistance Program provided free, short term, confidential counselling (face-to-face, telephone and online) to all commission employees. Employees could voluntarily use the service with complete confidentiality.

First aid

Five commission employees (and through staffing arrangements with DEWS) were trained to deliver first aid, including cardio pulmonary response and defibrillation, in the event of an emergency. The commission maintained a number of first aid kits in central workplace locations.
Ethics principles and values

Employees (and through staffing arrangements with DEWS) received induction training and other information on the Queensland Government Code of Conduct. The Code was available on the commission's intranet and also in hard copy format to employees and members of the public on request. The commission reviewed its suite of human resource management policies and procedures, where required, to ensure they continue to have proper regard to ethics, principles, values and the Code of Conduct.

Disability Service Plan

The commission recognised that people with a disability have the same rights as all other members of the Queensland community, including the right to access government services. The commission carried forward its Disability Service Plan for 2011–12. The plan outlined the practices used to work toward providing appropriate services and facilities for people with a disability, their families and carers. During the period 1 July 2012 to 31 December 2012, the commission continued to focus its efforts on:

- information about services
- accommodation meeting the needs of people with a disability
- the attitudes and awareness of commission employees
- complaints procedures.

Multicultural Action Plan

The commission acknowledged the special position of the Aboriginal people and Torres Strait Islanders as the first people of the land, and recognised their rich diversity in cultures and languages and contribution to Queensland. It was 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.

The commission’s Multicultural Action Plan outlined the practices used to enhance cohesion and support this rich diversity. During the period 1 July to 31 December 2012, the commission continued to focus its efforts on:

- supporting communities with improved engagement strategies
- strengthening multiculturalism in the Queensland public sector utilising human resource management policies and procedures that are inclusive and promote cultural diversity and cross-cultural awareness
- community relations and anti-racism through improved commission awareness and communication with people from culturally and linguistically diverse backgrounds.