

From: Richard Koerner [rjkoerner@inet.net.au]
Sent: Tuesday, 10 January 2012 11:42 AM
To: Catherine Barker
Subject: Supporting correspondence for SEQ 2011/12 Prices Monitoring submission
Attachments: PCuws.doc; PCuws7.doc; encC.pdf; PCuws8.doc; encF.pdf; PCuws9.doc

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This email contains an attachment that may be work related and must be filed into the DMS. If you need assistance with this please contact the Executive Officer at xo@qca.org.au.

Attn. Ms Cath Barker

Dear Ms Barker,

Please consider the attached supporting electronic correspondence provided to the Productivity Commission's Urban Water Sector Inquiry as public submission #7.

- 1) Public submission #7 PCuws.doc
- 2)Enclosure "A"
 PCuws7.doc
- 3)Enclosure "C"
 encC.pdf
- 4)Enclosure "E"
 PCuws8.doc
- 5)Enclosure "F"
 encF.pdf
- 6)Enclosure "G"
 PCuws9.doc

Electronic copies of enclosures H, J, K, L, M, N, O, P, Q, R, and S will be provided by separate e-mail this afternoon.

Kind regards,

Richard Koerner

The attached PDF document may not be searchable by our Document Management System. Please contact Jason at jason.smith@qca.org.au with the Document Number so that he is able to check compatability.

Coolum Beach Progress & Ratepayers Association Inc.
PO Box 121
Coolum Beach Q 4573

“G”

12 April 2006

The Under Treasurer
Queensland Government
GPO Box 611
Brisbane Qld. 4001
Reference: Queensland Competition Authority (QCA) TRO-06280

Re: Prices oversight investigation request - Maroochy Water Services (MWS)

Dear Mr. Bradley,

Thank you for the response of 3 March 2006 and provision of Council's Annual Report at the 4 April meeting with Treasury Officers at Noosa.

Further to the Association's letter of 27 January, it appears manipulation of regulatory capital financial data has also taken place in each of the three years reviewed by Treasury Officers. Asset values quoted in the Ministers letter of 25 September 2004 appear not to have been adjusted to reflect long term debt incurred by MWS for construction of water and sewerage infrastructure. As interest on infrastructure debt is considered in the calculation of NPAT, estimates of regulatory capital base for calculation of return on assets must surely deduct long term debt for each of the years considered.

Values of regulatory assets used by the Ministers for return on investment estimates quoted in TRO-06280 are:

	2000/01	2001/02	2002/03
\$Millions	279.4	279.7	324.4

For the reasons discussed at the November 2004 meeting with Treasury Officers, the Association reaffirms our belief that the write up of long term assets in 2002/03 was unwarranted and a ploy to further manipulate the return on regulatory assets in that financial year. Setting aside that issue for the moment, more appropriate values of assets to be used in calculation of return on regulatory assets with infrastructure long-term debt deducted can now be determined from ROCE data as (\$millions):

1999/00	2000/01	2001/02	2002/03	2003/04 (Target)	2004/05
114.3	105.6	123.6	161.5	125.5	102.0

According to financial data now also available in the public domain, actual values of NPAT for MWS are in fact:

	1999/00	2000/01	2001/02	2002/03	2003/04	04/05
\$Millions	34.3	23.0	26.5	28.3	36.2	39.1

Average annual returns on regulatory assets are calculated at 25.5% for the years 1999/00 to 2004/05. Average annual MWS service charges in excess of ceilings permitted under LGA Financial Standards is \$20.7 million, or about \$450 per connected property per year.

Such an average return on regulatory value is significantly in excess of the range from 8.0 to 8.6 % considered reasonable, despite the contention to the contrary made in the Minister's letter of 16th June 2005. Total overcharging from 99/00 to 04/05 seems about \$120 million

Since the declaration of MWS as a commercialising business entity in 98/99, Maroochy ratepayers connected to water and sewerage services appear to have suffered monopoly-pricing abuse of more than \$100 million. It remains the Association's conviction that satisfactory resolution to the MWS prices oversight complaint mandates prompt referral of the matter to an independent entity such as the Queensland Competition Authority.

Yours sincerely,

Peter M. Brown
President

Cc: The Hon. Desley Boyle - Minister for Local Government and Planning

Queensland Government

“E”

MINISTERS FOR QUEENSLAND COMPETITION AUTHORITY

Our Reference: TRO-06280

25SEP2004

Mr P Brown

Coolum Beach Progress and Ratepayers Association

PO Box 121

COOLUM BEACH QLD 4573

Dear Mr Brown

The Coolum Beach Progress and Ratepayers Association (CBP&RA) wrote to the Minister for Local Government and Planning, the Honourable N Cunningham MP, on 21 May 2003, requesting Maroochy Water Services (MWS) be referred to the Queensland Competition Authority (QCA) for a prices oversight investigation. This request was forwarded to Treasury on 10 December 2003. We have also received the submission sent to Ms Cunningham on 31 March 2003 regarding the pricing structure of MWS and the submission sent to us on 9 March 2004.

We note your concerns relate to:

- the valuation of MWS's asset base, in particular their sewerage assets and level of working capital;
- high water and sewerage charges (in comparison to other councils); and
- a loss of transparency in financial reporting following a decision to dissolve the Maroochy Water Services Advisory Board.

MWS is a declared Government Monopoly Business Activity (GMBA) under part 3 of the Queensland Competition Authority Act 1997 ("the Act"). Part 3 of the Act provides us, as responsible Ministers for the Act, with the option of referring a GMBA to the QCA for a monopoly pricing oversight investigation if there is evidence the GMBA is engaging in monopoly pricing activities.

In deciding whether to refer a matter to the QCA, we may consider a range of factors including whether there is a reasonable probability a monopoly pricing problem may exist. On this basis, Treasury has been collating relevant information and undertaken an analysis to assist us in our consideration of this matter.

Based on the analysis of publicly available information and additional data provided by Maroochy Shire Council, Treasury advises the information indicates that MWS is not earning an excessive rate of return, and therefore, is unlikely to be misusing its market power. MWS's actual return was compared with a range of reasonable returns, 8.0 to 8.6, calculated using assumptions based on the principles outlined in the QCA's "Statement of Regulatory Pricing Principles for the Water Sector", December 2000. The results of the analysis are summarised in the table below:

	2000-01	2001-02	2002-03
Current assets ¹	(\$,000)2,556	2,810	2,874
Assets (water and sewerage) ²	(\$,000) 276,777	276,911	321,5004
Actual return on assets	7.0	8.1	7.1
Assets, adjusted for 10 over-capitalisation ³ (\$,000)	249,355	249,501	289,637
Actual return on assets	7.7	9.0	7.8

1. A figure equivalent to 5 of revenue was chosen on the basis that it is an industry benchmark derived from a survey

of 15 similar service providers.

2. Contributed assets were recognised and removed from the asset base.

3. If excess capacity exists in MWS's network then the asset base used for pricing purposes should be reduced accordingly. Even though MWS utilises less assets per connected property than similar services in NSW, MWS's asset base was reduced by 10 to test the impact on the rate of return.

4. In 2002-03 MWS's assets were re-valued to include previously unrecognised assets and a more accurate estimation of the useful lives of some infrastructure.

We note your concern there is a decreased level of transparency in MWS's financial reporting. While it was outside the scope of Treasury's analysis to investigate these concerns, we acknowledge it is preferable if MWS:

- re-instigates the preparation of publicly available detailed annual financial reports for MWS, and
- participates in the Department of Local Government and Planning's survey of local government water and sewerage services.

Before making a final decision on this matter, we invite you to make a final submission (if you would like us to consider any additional information) by 8 October 2004, after which we will make a final decision in relation to this matter.

If you have any question about this matter, please contact Mr Gerald Schmidt by telephone on (07) 3227 6878 or via email at gerald.schmidt@treasury.qld.gov.au.

Thank you for your submissions.

Yours sincerely

PETER BEATTIE MP
PREMIER AND MINISTER FOR TRADE

TERRY MACKENROTH MP
DEPUTY PREMIER, TREASURER AND MINISTER FOR
SPORT

Richard J. Koerner Ph.D.(Qld), M.E.Sc., B.C.E (Melb), MICE
Strategic Management / Econometric Market Analysis - ABN 26 021 850 787
396 Swann Road St.Lucia Qld.4067
Tel/Fax (07) 3371 9486 E-mail: r koerner@griffith.edu.au

Copy of E-mail sent to Mr. Jeff Harris Chair MWSAB sent on 1st December 2003

“A”

Re: MWSAB's governance obligations

Jeff,

A duty of the MWSAB is to assist the CEO and Council fulfill roles spelled out in the Local Government Act (LGA). A minority of Board Members have attempted to perform these obligations since December 1999. Unfortunately in some key areas mandated under LGA, MWS performance has actually regressed. I am greatly troubled by this to the point of considering resignation from the Board.

Recent MWS performance with respect to transparency of financial reporting provided in the 03/04 Budget Papers and the 01/02 and 02/03 Annual reports is at variance with achieving Corporate Plan Matrix Strategy 2.7 objectives i.e. "Improve the transparency of Council's financial performance and operations". This is an example of a failure of financial/operational governance.

Also a duty of members of the Board relates to the reporting of unethical conduct. The following table shows movements in the cash component of working capital for MWS since declaration of Commercial Business status.

Year	Budget Papers
98/99	\$6.947m (anticipated)
99/00	\$9.814m (budget)
00/01	\$15.119m (anticipated)
01/02	\$26.115m (anticipated)
02/03	\$34.397m (budget)
03/04	\$42.163 (forecast) Now adjusted to < \$6m.
04/05	\$51.426 (forecast) Now about \$6m.

After corrections appearing in Item 8.2 p.3 of 28 August MWSAB Agenda Reports, the average cash component of working capital for 03/04 will be less than \$6m. Item 8.3 of the 4 December Agenda Reports now suggests the cash component of MWS working capital will remain below about \$6.5 million until 2011-12.

Previous artificial loading for 03/04 of some \$36m in working capital would have permitted additional cost based charges of some \$3.5 million in the 03/04 budget under Council's Prices Surveillance obligations (Clause 576 of LGA) if gone uncorrected. The impact on the 04/05 Budget shown in the 02/03 Budget Papers would have been over \$5m. The 03/04 Budget Papers no longer provide the detailed Statement of Financial Position for MWS that was provided for years 98/99 through 02/03. This is a most significant regression in financial reporting transparency.

MWS is a monopoly supplier of services and an ideal vehicle for an unethical Council to raise revenue in excess of actual costs. To keep MWS service charges at the present levels relative to cost as a commercial activity under NCP, the MWS balance sheet has been burdened with unwarranted costs that are used to justify excessive charges due to the ROI permitted on the capital base. A scheme like this requires the compliance of a number of senior management in Council. Concerns regarding such unethical practice are exacerbated by Graeme Preston's failure to respond to the following information request of 21 August:

"The balance sheet on pages 3&4 of Item 8 does not provide original budget values nor is there a variance explanation of the dramatic reduction in the cash component of working capital provided. Section 3.1 of the MWSAB Charter requires the Board to advise Council on strategic elements of annual and long term business plans. The reduction of the cash component of working capital from 6/02 values sent to DNRM in October (\$21 m) and stated in the MWS Annual Report (\$30 m) is a serious strategic financial issue that mandates advice on the matter to Council by the Board. The matter also has implications for Council's past year Annual Reports and Budget Papers, and I believe good financial governance practice requires the matter be raised during Council's external audit. An associated matter that in my view should also be raised with the Auditor General is MWS Management's failure to improve transparency of financial performance and operations as set out in Council's approved Corporate Plan (p.11 item 2.7)."

Were these matters raised during the Auditor General's review of MWS and Council's financial records for 02/03 as was suggested to Graeme Preston on 21 August?

Sincerely

Richard Koerner
External Member MWSAB

Richard J. Koerner Ph.D.(Qld), M.E.Sc., B.C.E (Melb), MICE
Strategic Management / Econometric Market Analysis - ABN 26 021 850 787
31 Fauna Terrace Coolum Beach Qld. 4573
phone 07 5446 4119, e-mail: rjkoerner@inet.net.au

28 October 2010

Urban Water Inquiry
Productivity Commission
LB2 Collins Street East
Melbourne Vic. 3165

Dear Sir/Madam,

In making this public submission I draw on prior experience as former external director of the Maroochy Water Services Advisory Board (MWSAB), treasurer of the Coolum Beach Progress and Ratepayers Association (CBPRA), and Vice President Planning and Control of ARCO Australia Coal. I refer to the Commission's Issues Paper of September 2010, in particular Section 8 pages 32 -38, and offer the following submission:

Since the Queensland Government committed to water reforms spelled out in the National Water Initiative (NWI) agreements with the Commonwealth in mid 2004, governance and institutional arrangements have deteriorated and remain ineffective. I dispute the Commission's contention expressed on page 32 that progress towards reform has been made in South East Queensland. Households in Coolum Beach and throughout South East Queensland are being systematically deprived of both financial transparency and statutory protection against pricing abuse by government monopoly business entities providing water and sewerage services that is their entitlement under NWI Pricing Principles. This is a consequence of the Queensland Government's ongoing refusal to refer legitimate prices oversight investigation requests to the Queensland Competition Authority (QCA) for independent assessment under Part 3 of the Queensland Competition Authority Act.

Good governance provides the framework within which agencies can operate effectively embracing principles of accountability, transparency, and ethical behaviour. Supporting documentation relating to failures of the Queensland Government to embrace NWI reforms is enclosed. It is provided in response to questions posed on page 33 of the Commission's Issues Paper, and I now refer to enclosure "A".

Following notification of past manipulation of working capital between the public sector financial records of Maroochy Council (Council) and Maroochy Water Services (MWS) recorded in financial information for the years 1999/00 to 2002/03, the MWSAB was dissolved by Council on 10 December 2003. As a result of this action and recruitment of Maroochy Council's chief financial officer (CFO) in mid 2002, balance sheet transparency relating to MWS was lost to the public domain. Subsequently the Maroochy Council's CFO was appointed senior financial officer of SCRC following the amalgamation of the three Sunshine Coast councils in March 2008.

Enclosures "B" and "C" record Council's refusal to restore balance sheet transparency for this declared Government Monopoly Business Activity (GMBA). That refusal to restore financial transparency was condoned by the Minister and Department of Local Government and Planning (DLP&G) having ultimate responsibility for administration of the Local Government Act and Financial Standard is confirmed in enclosure "D". The Department's failure to take up financial transparency issues demonstrates an absence of accountability in the Queensland Government that was surprising given Treasury's preference for re-instigation of preparation of detailed annual reports cited in enclosure "E". It can be noted from enclosure "E" that MWS's regulatory assets increased from \$276.9 million in 2001/02 to \$321.5 million in 2002/03. The Maroochy Annual Report for 2002/03 records revaluations of water and sewerage assets of \$75 million, suggesting that the bulk of this regulatory asset increase arose from revaluations despite assertions to the contrary in note 4 of enclosure "E". It can also be noted water and sewerage asset valuations for MWS recorded in Council Annual Reports from 2002/03 to 2007/March'08 increased by \$612.6 million due to cumulative revaluations alone. Assuming half such revaluations flowed on to Unitywater's regulatory capital base for its distribution assets, some \$25 million in unwarranted annual service charges could be embedded in service charges being passed on to the retail customers of Unitywater in the form of recovery of capital charges in the 2010 Budget of that GMBA.

Enclosure "F" informs CBPRA of the Minister QCA's decision not to refer the May 2003 MWS prices oversight investigation request to QCA, based on Treasury's return on regulatory asset calculations provided in enclosure "E" "*being within the reasonable range*". It should also be noted from enclosure "F" that powers of referral of GMBA prices oversight requests relating to NWI Pricing Agreements are vested with the Premier and Treasurer (Ministers QCA) under part 3 of the Queensland Competition Authority Act.

Enclosure "G" details a more accurate calculation of the return on regulatory assets for MWS developed by the former treasurer CBPRA (RJK). Use was made of return on capital employed financial data previously developed at the request of the MWSAB to estimate more realistic values of regulatory capital than were used by Treasury.

Richard J. Koerner Ph.D.(Qld), M.E.Sc., B.C.E (Melb), MICE
Strategic Management / Econometric Market Analysis - ABN 26 021 850 787
31 Fauna Terrace Coolum Beach Qld. 4573
phone 07 5446 4119, e-mail: rjkoerner@inet.net.au

Enclosures "H" and "J" contain information requests relating to benchmarking comparisons and performance of prices oversight obligations of the SCRC relating to MWS, Noosa Water Services and Calacqua, three water and sewerage GBAs amalgamated into SunshineCoast Water. There has been no response or further clarifications provided by SCRC or any other agency of the Queensland Government to these requests.

Enclosure "K" is the response from the Treasurer to earlier clarification requests regarding a final refusal of the Ministers QCA to refer the CBPRA's 2003 prices oversight request to QCA (Ref: TRO-19822 dated 16 November 2007). The Queensland Ombudsman has informed me that Treasury advised the Ministers QCA that CBPRA's request of May 2003 should be referred in December 2006. The Ministers QCA declined to follow this advice on the basis of the substantial water reform program in South East Queensland.

Enclosure "L" informs the Under Treasurer of substantial unwarranted revaluations recorded for the infrastructure assets of MWS prior to its amalgamation into SunshineCoast Water, and the failure of SCRC to provide clarifications requested in enclosures "H" and "J".

Enclosure "M" alerts the Treasurer to flawed manipulation of assets in the financial statements of MWS that are in breach of NWI Pricing Principles, and requests prices oversight referral of the 2010/11 budgeted charges of Unitywater, together with a prices oversight investigation of the bulk water price projections determined by the Queensland Water Commission.

Enclosure "N" is the Treasurer's response to enclosure "M". Enclosure "O" is my response alerting the Treasurer that valuations developed by KPMG in 2007 do not conform with NWI Pricing Principles, resulting in the prices oversight referral requests for SEQwater, Linkwater, and Watersecure contained in enclosure "P".

Enclosure "Q" provides e-mail communications with the Treasurer highlighting clarification requests relating to assertions contained in enclosures "E" and "F". To date no response to such clarification requests have been received.

Enclosure "R" is a public submission made to QCA regarding the limited terms of reference given by the Ministers QCA for interim price monitoring in South East Queensland. Enclosure "S" provides an e-mail communication exchange with QCA relating to that public submission. Please note the information provided by the QCA on 8 October 2010 relating to its inability to perform effective prices oversight.

I contend this documentation presents a grim picture of the state of governance and institutional arrangements relating to water reforms in South East Queensland since this Government's agreement to embrace the water reforms. To address the present sorry situation there is an urgent need to change existing governance and institutional arrangements by providing powers within the Commonwealth to initiate independent prices oversight investigations by the QCA when that agency is impeded from performing its duties by the Queensland Government. This may require that the QCA in future becomes a regulatory agency independently administered by the National Water Commission.

Serious shortcomings relating to public sector audit processes emerge from water infrastructure asset manipulation and other financial irregularities outlined in this documentation. Should the Productivity Commission require further information and/or background correspondence relating to this submission, I am happy to provide it.

Yours sincerely,

R.J. Koerner (RJK)

Richard J. Koerner Ph.D.(Qld), M.E.Sc., B.C.E (Melb), MICE
Strategic Management / Econometric Market Analysis - ABN 26 021 850 787
31 Fauna Terrace Coolum Beach Qld. 4573
phone 07 5446 4119, e-mail: rjkoerner@inet.net.au

Enclosures:

- "A" E-mail communication from RJK to Chair MWSAB dated 1 December 2003;
- "B" Letter from CBPRA to CEO Maroochy Council dated 17 February 2004;
- "C" Letter from G.Lavery to CBPRA dated 10 March 2004 (Ref: grl mxp);
- "D" Letter from Minister DLG&P to CBPRA dated 6 December 2005 (Ref:L/05/02271);
- "E" Letter from Ministers QCA to CBPRA dated 25 September 2004 (Ref: TRO-06280);
- "F" Letter from Ministers QCA to CBPRA dated 16 June 2005 (Ref: TRO-10952);
- "G" Letter from CBPRA to Under Treasurer dated 12 April 2006;
- "H" Letter from RJK to CEO SCRC dated 2 March 2009;
- "J" Letter from RJK to CEO SCRC dated 1 April 2009;
- "K" Letter from Treasurer to RJK dated 4 February 2008 (Ref: QTO-00946);
- "L" Letter from RJK to Under Treasurer dated 24 May 2010;
- "M" Letter from RJK to Treasurer dated 10 June 2010;
- "N" Letter from Treasurer to RJK dated 26 July 2010 (Ref: QTO-09535);
- "O" Letter from RJK to Treasurer dated 30 July 2010;
- "P" Letter from RJK to Treasurer dated 13 October 2010;
- "Q" E-mail communications from RJK to Treasurer 18 August to 7 October 2010;
- "R" Public submission from RJK to QCA dated 26 September 2010;
- "S" E-mail exchange with QCA dated 7 September to 8 October 2010.



Our Reference: TRO-10852

23 MAY 2005

Mr P Brown
President
Coolum Beach Progress and Ratepayers Association Inc
PO Box 121
COOLUM BEACH QLD 4573

Dear Mr Brown

Thank you for your deputation at the Community Cabinet Meeting held on the Sunshine Coast on 15 and 16 May 2005. I wish to advise you that, following your meeting with Ms Katrina Martin, Mr Gerald Schmidt and Mr Dean Gannaway on 25 November 2004, Treasury met with officers of Maroochy Shire Council to discuss the concerns raised regarding the information provided by the Council to the Maroochy Water Services Advisory Board.

Following the meetings with the Coolum Beach Progress and Ratepayers Association and the Maroochy Shire Council, Treasury conducted a complete review of its assessment.

The Honourable P Beattie MP, Premier and Minister for Trade and the Honourable T Mackenroth, Deputy Premier, Treasurer and Minister for Sport will inform you of the outcome of their deliberations once they are completed. Should you require further information in relation to this matter, please contact Mr Gerald Schmidt of Treasury on telephone (07) 3227 6878 or gerald.schmidt@qld.gov.au.

Yours sincerely


Gerard Bradley
Under Treasurer



"F"
Queensland
Government

MINISTERS FOR

QUEENSLAND COMPETITION AUTHORITY

Our Reference: TRO-10952

16 JUN 2005

Mr P Brown
President
Coolum Beach Progress and Ratepayers Association
PO Box 121
COOLUM BEACH QLD 4573

Dear Mr Brown

We refer to your request to refer the pricing practices of Maroochy Shire Council's water and sewerage business, Maroochy Water Services, to the Queensland Competition Authority, under section 23 of the *Queensland Competition Authority Act 1997*, for investigation under the State's monopoly prices oversight regime.

The declaration of Maroochy Water Services as a government monopoly business activity occurred by gazettal, rather than by regulation. Therefore, the entity's pricing behaviour is not automatically investigated by the Queensland Competition Authority. Rather, there is a second step of referral to the Authority which is at the discretion of the Premier and Treasurer, as responsible Ministers for the Queensland Competition Authority.

The Coolum Beach Progress and Ratepayers Association's letter dated 6 October 2004 expressed concerns about the 30 June 2003 revaluation of Maroochy Water Services' assets and the extent of optimisation applied in the analysis. Treasury advises the revaluation was considered fair and reasonable by Maroochy Shire Council's external auditors and it is consistent with accepted regulatory methodology.

The Hon. Peter D Beattie BA, LLB, MP, Premier and
Minister for Trade

Level 15 Executive Building
100 George Street, Brisbane

GPO Box 185, Brisbane Albert Street
Queensland 4002 Australia

Telephone +617 3221 3631
Facsimile +617 3221 3631

The Hon. Terry Mackenroth MP, Deputy
Premier, Treasurer and Minister for Sport

Level 9 Executive Building
100 George Street, Brisbane

GPO Box 611, Brisbane
Queensland 4001 Australia

Telephone +617 3224 6900
Facsimile +617 3229 0642

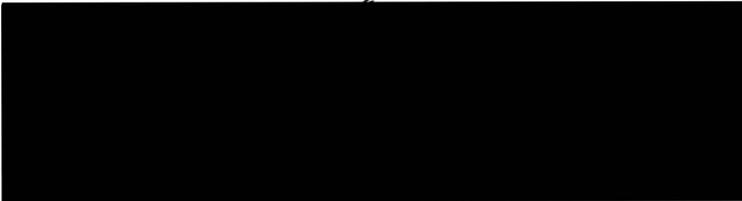
The Queensland Competition Authority's 'Statement of Regulatory Pricing Principles' requires the asset values to be increased annually in line with inflation. The accounting values reported in Maroochy Shire Council's financial statements did not reflect an annual inflation indexation. Therefore, the accounting value of the asset base is significantly lower than the value of the regulatory asset base over the years reviewed. The revaluation adjusts the accounting value of the assets to appropriately reflect the value which should be used for pricing purposes.

Treasury's investigation indicates Maroochy Water Services' rate of return is within the reasonable range, although at the high end, and there is scope for an optimisation to ascertain whether the asset base needs to be adjusted. Therefore, we have decided not to refer the matter to the Queensland Competition Authority.

However, we have recommended Maroochy Shire Council commission an optimisation study and our decision will remain subject to review. We will continue to monitor Maroochy Water Services' prices to gauge whether a reassessment of our decision is warranted.

Thank you for your assistance provided in support of this assessment.

Yours sincerely



TERRY MACKENROTH MP

ACTING PREMIER AND MINISTER FOR TRADE

DEPUTY PREMIER, TREASURER AND MINISTER FOR SPORT



ABN 60 983 072 606

Maroochy Cares, Maroochy Dares...

"Because we care about the lifestyle of the residents of Maroochy Shire, we must dare to do things differently - by protecting our environment, seeking out opportunity, promoting our diversity, developing our economic future and enhancing our sense of community."

Your Reference:

Our Reference:

Enquiries:

Direct Telephone:

Direct Fax No.:

Email:

grl:mxp

Greg Laverty

(07) 5441 8212

(07) 5441 8036

lavertyg@maroochy.qld.gov.au

10 March 2004

Mr Peter Brown
President - Coolum Beach Progress and Ratepayers Association Inc
PO Box 121
COOLUM BEACH QLD 4573

Dear Mr Brown

RE: TRANSPARENCY IN FINANCIAL REPORTING

I refer to your letter of 13 February 2004.

I can confirm that Maroochy Shire Council has submitted data for inclusion in the 2002/03 Department of Local Government's Comparative Information Survey. The Department of Local Government and Planning has advised that the data is expected to be available sometime in April 2004.

In regard to the level of detail provided on the financial performance of Council's Commercialised Business Units Maroochy has adopted the format set out in the "Tropical Financial Statements". These statements are a guide jointly issued by the Queensland Audit Office and the Department of Local Government and Planning. By following these guidelines and the subsequent independent audit of our Annual Financial Statements it is clear that Council has complied with the disclosure requirements of the applicable legislation and standards.

In addition Council's 2002/03 Annual Report includes a Community Financial Report which is aimed at providing an easy to understand analysis of Council's financial performance.

Council's 2002/03 Annual Report has been completed and adopted by the 30 November 2003 deadline.

I acknowledge that Council Budget book was not distributed to Coolum Library and this has since occurred. However I reject the inference that not having a copy of the budget book available at Coolum Library breaches the Local Government Act. Council's budget book has been published on our web page since July 2003 and has been available for inspection at Council offices from the same time. In addition your letter incorrectly links the requirements of Section 518 to Section 524.

Please quote our file reference number on your reply for fast tracking within Council

Address: Maroochy Shire Council
Cnr Currie & Bury Streets Nambour Qld Australia
Telephone: (07) 5475 8501
Facsimile: (07) 5441 8338
Email: maroochy@maroochy.qld.gov.au

Postal: The Chief Executive Officer
Maroochy Shire Council
PO Box 76
Nambour Qld Australia 4560
Website: www.maroochy.qld.gov.au

The format of Council's budget book has been altered from previous years to disclose information not only for each business unit but now includes details for each Council branch. The disclosure in the 2003/04 budget book exceeds Council's obligations for disclosure. As mentioned above a Community Financial Report has been included in the 2002/03 Annual Report and Council continues to make available monthly financial information on our web page all of which demonstrates a commitment to improved transparency as detailed in Objective 2.7 of Council's Corporate Plan.

Yours faithfully



GREG LAVERTY
GROUP MANAGER, FINANCE