

From: Richard Koerner [rjkoerner@iinet.net.au]
Sent: Wednesday, 11 January 2012 8:05 AM
To: Catherine Barker
Subject: Re: Further supporting correspondence for SEQ 2011/12 Prices Monitoring Submission
Attachments: PCuws16.doc

Follow Up Flag: Follow up
Flag Status: Completed

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.

Dear Ms. Barker,

Thank you for this prompt response. I note that PCuws16.doc was inadvertently not transmitted and is attached herewith.

Kind regards,

Richard Koerner

On 11/01/2012 7:57 AM, Catherine Barker wrote:

> Thank you Mr Koerner
>
> Regards
> Catherine Barker
>
> -----Original Message-----
> From: Richard Koerner [<mailto:rjkoerner@iinet.net.au>]
> Sent: Wednesday, 11 January 2012 7:51 AM
> To: Catherine Barker
> Subject: Further supporting correspondence for SEQ 2011/12 Prices Monitoring Submission
>
> 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,
>
> Attached are electronic copies of public submission #25 to the
> Productivity Commission's recent Urban Water Sector Inquiry with
> supporting correspondence not posted by the Commission and not cited in
> the Inquiry Report #55.
>
> Submission #25
> 1) Enclosure "T" PCuws16 encT.pdf
> 2) Enclosure "W" encW.pdf
> 3) Enclosure "X" encX.pdf
> 4) Enclosure "XX" encXX.pdf
>

> Also attached for consideration is an electronic copy of public
> submission DR97.
> Submission #DR97 PCdraftrjk1.doc

> Kind regards,

> Richard Koerner

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

> -----
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>

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2 November 2010

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

Dear Sir/Madam,

I refer to my previous submission dated 28 October, and wish to expand further on the observation made in the final paragraph of shortcomings relating to public sector audit processes arising from the creation of the government monopoly business entities associated with NWI reforms throughout South East Queensland.

Accountability and adaptability are key elements of efficient governance and institutional arrangements. Both elements have been lacking since 1999/00 due to Queensland's failure to embrace NWI reforms. A particularly troubling aspect is the non-current asset manipulation practices of Maroochy Council, Sunshine Coast Regional Council, and Unitywater, discussed in paragraph five of the 28 October submission. Failure of the Queensland Audit Office (QAO) to qualify their independent audit reports of these councils in years of significant revaluations of water and sewerage non-current assets has been a disservice to the public good.

The Queensland Competition Authority (QCA) issued its "Statement of Regulatory Pricing Principles" setting out on page 33 the Optimised Deprival Value methodology to be used for non-current asset valuations in December 2000. As highlighted in February 2004 (enclosure "T") QAO was notified of concerns regarding the absence of an audit qualification in the 2002/03 Annual Report of Maroochy Council arising from losses of financial reporting transparency and an unwarranted asset revaluation adjustment of \$75 million. At a 7 May meeting with the QAO these concerns were discussed in detail and enclosure "A" was tabled as supporting background documentation. QAO was also made aware of CBPRA's prices oversight investigation request of May 2003 to the Minister Local Government and Planning (MDLG&P) and the reasons behind that request.

In enclosure "V" QAO asserts that accounting treatment of revalued assets used in the 2002/03 Annual Report is correct. Given information provided at the 7 May meeting and its regular consultations with DLG&P, it is surprising that the revaluation methodology used by Council was not investigated. This refusal to probe into revaluation methodology confirmed in enclosures "W", demonstrates that both accountability and adaptability are lacking in Queensland resulting in the excessive revaluations described in paragraph five of the 28 October submission. As a consequence of these failures in governance by the QAO, Queensland Treasury and DLG&P flawed determinations of the capital recovery component of water and sewerage charges are embedded in retail service charges throughout South East Queensland.

Finally, enclosure "X" is a correspondence exchange between the former external director MWSAB (RJK) and the Queensland Government's Public Accounts Committee (PAC) relating to a public submission inquiry entitled "Government Financial Reporting" dated May 2005. It is surprising that this submission was not considered relevant to that Inquiry given that commercialisation and corporatisation of public sector entities is specifically mentioned in the discussion paper.

These enclosures detail further examples of failures in governance, accountability and adaptability in Queensland relating to adoption of NWI urban water reforms.

Yours sincerely,

R.J. Koerner (RJK)

Enclosures: "T" Letter from CBPRA to QAO dated 26 February 2004;
"U" Letter from QAO to CBPRA dated 30 April 2004 (Ref: 04-4573);
"V" Letter from QAO to CBPRA dated 31 March 2005 (Ref: 00-2313);
"W" Letter from CBPRA to QAO dated 6 April and QAO's response dated 7 April 2005;
"X" RJK submission to PAC Inquiry dated 8 July 2005 and PAC rejection dated 11 August.

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6 May 2011

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

Dear Sir/Madam,

Comment on the draft Inquiry Report (the Draft) has been invited and the following is offered:

General Comments

The Draft provides little comfort that correspondence supporting Submissions #7, #9, #25, #59, #80 and #81 have been subject to forensic analysis prior to its publication. The September 2010 Discussion Paper invited public submissions on the subject of governance and institutional arrangements. It is only in Box 3 and pages 288-289 that inability of the Queensland Competition Authority (QCA) to protect households on the Sunshine Coast against monopoly pricing abuse (a legitimacy issue) appears adequately addressed. The discussion of institutions and governance arrangements in Queensland appearing in pages 471-478 neglects to include the Queensland Audit Office (QAO) and the Crime and Misconduct Commission. These institutions do not appear to have been consulted prior to the Draft's publication.

The Draft is silent regarding the complete elimination of transparency for households serviced by Maroochy Water Services (MWS) experienced from 2002/03 onwards, examples of accountability avoidance, failures in integration, and the absence of adaptability by QAO given the information provided in supporting correspondence included with the public submissions cited above. Quotation of a citation from Sydney Water Managing Director relating to monopoly power abuse in Queensland (on page 274) is troubling given information provided in this background correspondence. Quotation of flawed findings relating to determination of legacy regulatory assets and capital recovery from the QCA's draft 2010/11 Prices Monitoring Report (on page 276) is equally troubling following identification of the legitimacy issues spelled out in Box 3. As was the case for a 2004 Inquiry entitled "Review of National Competition Policy Reforms", the Draft neglects consideration of possible rent seeking strategies of government controlled commercial entities and the X-inefficiency/deadweight economic loss consequences stemming from monopoly pricing abuse.

Specific Comments

Page LI's second paragraph requests information relating to ministerial directions to GTEs. Information has already been provided in attachment "N" to submission #7. The last paragraph of page 1 of QTO-09535 and the first paragraph of page 2 describes ministerial intervention preventing both Unitywater and the QCA from performing prices oversight with respect to capital recovery charges embedded in the 2010/11 Budget of that GTE.

The following extract from a public submission relating to the QCA's draft 2010/11 SEQ Prices Monitoring Report – Part B (Submission # 81) is germane:

- *Unitywater has set prices for 2010/11 without performing prices oversight of the 2010/11 RAB mandated by the Queensland Government;*
- *The Minister's QCA terms of reference require the Report to provide transparent information to consumers about the costs (including capital recovery) and other factors underlying the annual increase in water and wastewater prices;*
- *KPMG's discounted flow approach cited by the Treasurer is not available in the public domain nor has the 2010/11 RAB derivation mandated by the Queensland Government been subject to detailed scrutiny by QCA;*
- *Prior period price monitoring reports by QCA have lacked RAB scrutiny and the Treasurer's Office has not provided clarifications requested in correspondence dated 30 July 2010;*
- *Transparency and independent scrutiny with respect to the derivation of The Initial Regulatory Asset Base and 2010/11 RAB is fundamental to providing stakeholder confidence in Unitywater's pricing processes.*

It is noted that the QCA has a regulatory responsibility to have regard to the protection of consumers from abuses of monopoly power (QCA's "Statement of Regulatory Pricing Principles for the Water Sector Section 4.1 page 17). Transparency with respect to the derivation of The Initial Regulatory Asset Base and 2010/11 RAB used by Unitywater to determine capital related charges is essential for QCA to carry out this regulatory responsibility.

This draft's acceptance of an Initial Regulatory Asset Base at 1 July 2008 and the 2010/11 RAB determined by the Minister for Natural Resources without prior performance of independent prices oversight, prevents the Report

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from fulfilling transparency requirements cited above, and prevents the QCA from performing its regulatory responsibilities with respect to consumer protection.

QCA's response to this request is detailed on pages 169-170 of its final SEQ Interim Price Monitoring Report-Part B (March 2011). It confirms the serious legitimacy issues highlighted in Box 3 and on pages 288-289 of the Report that render QCA ineffective with respect to consumer protection.

In response to the information request on page LI concerning whether the Corporations Act 2001 would be appropriate for GTE's; consideration of the ACCC's Competition and Consumer Act (2010) is suggested as an alternative. It would provide urgently needed consumer protection against predatory pricing practices of State Government controlled natural monopoly commercial entities. The failure to detect and qualify audit reports of Maroochy Council, Sunshine Coast Regional Council regarding improper revaluations of MWS assets in 2002/03, 2005/06 and 2007/08 and the absence of qualification of the Board's adopted income valuation approach appearing in SEQwater's 2009/10 Annual Report by QAO demonstrates a need for the strongest possible legislation to protect consumers in SEQ.

The final two paragraphs of Draft Recommendation 11.4 (page LII) are disputed. Correspondence accompanying submissions # 7, #9, #25, #80 and #81 make obvious that good governance has not been embraced in SEQ. The QCA is rendered ineffective with respect to consumer protection due to conflicting objectives. A suggestion that the Queensland Government would initiate an independent review to determine whether its fully owned and/or controlled water utilities are abusing their market power is naïve given the sorry history already provided to the Inquiry. Provisions of Queensland Local Government Act do not address the conflict of interest that is present for an unethical council to use a GTE that is also a natural monopoly as a revenue raising entity irrespective of efficient costs, and its responsibility to perform price oversight over that same entity. Failure to mandate transparency as far as financial performance has led to improper use of transfer mechanisms for costs and assets that impede the efficiency gains contemplated under NCP for both the GTE (MWS) and those elements of the former Maroochy Council's activities not subject to commercialisation.

Page LIV requests further information on scale economies in the urban water sector. Detailed benchmarking analyses for 2000/01 for Sunshine Coast water utilities and Caboolture have already been provided. Benchmarking for 1999/00 can be found in MWS Advisory Board (MWSAB) Reports of 8 March 2001 and 31 May 2001 confirming apparent absence of economies of scale.

Page LVI again suggests GTE's be structured under the Corporations Act. For reasons outlined on the information request on page LI, adoption of the Competition and Consumer Act (2010) is preferable.

Benchmarking performed by the MWS Advisory Board (MWSAB) for water and waste-water utilities in SEQ does not support aggregation endorsed in Recommendation 13.1. Economies of scale are not evident in benchmarking performed by MWSAB and in the case of the Sunshine Coast Regional Council and Unitywater aggregation has eliminated all possibility of meaningful benchmarking transparency.

Finally, the Draft is silent regarding the problem of Queensland's commitment under National Water Initiative (NWI) Pricing Principle agreements to refund revenues collected that are in excess of legitimate maximum allowable revenues (MAR) and a situation where that MAR has been artificially predetermined by the Queensland Government using legacy regulatory asset determinations that do not comply with the Optimized Deprival Value methodology mandated under these same principles. Such an omission fails to demonstrate concern for households in SEQ suffering predatory pricing abuse as a direct consequence of the litany of governance failures already provided with supporting correspondence.

Yours sincerely,

R.J.Koerner
Former External Member MWSAB



Public Accounts Committee

Government Financial Reporting

Discussion Paper

May 2005

"X"

Aim of this paper

This paper provides information on the Public Accounts Committee, the issues it will consider during its inquiry and guidelines for making submissions. People and organisations making submissions may comment on any matter they consider relevant to the inquiry terms of reference.

The closing date for submissions is Friday, 8 July 2005. Please refer to the back page of this paper for guidelines on making a submission and the committee's contact details.

The Public Accounts Committee

The committee's legislated role is to assess the integrity, economy, efficiency and effectiveness of government financial management by:

- examining government financial documents and
- considering the annual and other reports of the Auditor-General.

Inquiry terms of reference

The committee has resolved to conduct an inquiry into whether stakeholders can readily assess the integrity, economy, efficiency and effectiveness of government financial management through the current financial reporting regime.

Issues to be considered include:

- clarity and utility of financial reports for decision making
- Auditor-General's reports to Parliament
- impact of implementation of accrual accounting
- evolution and application of accounting standards including implementation of international accounting standards
- convergence of Government Finance Statistics and Generally Accepted Accounting Principles reporting.

For the purpose of this inquiry, the financial reporting regime includes information published in public sector annual reports (both audited and unaudited financial information), ministerial portfolio statements, consolidated whole-of-government reports and matters reported to Parliament by the Auditor-General.

Inquiry Background

The last 15 years has seen significant financial management reforms in the public sector directed at improving the usefulness of financial information. These reforms include the introduction of:

- accrual accounting
- public sector compliance with Australian accounting standards
- specific accounting standards for government departments, local government and whole-of-government reporting
- managing for outcomes
- accrual output budgeting
- commercialisation and corporatisation of public sector entities

Reform is ongoing with international financial reporting standards applying to reporting periods commencing on or after 1 January 2005. In addition, the Australian Accounting Standards Board has committed to converge Government Finance Statistics reporting (GFS) with accounting standards as a priority for the public sector.

These reforms have had and continue to have significant impacts on public sector reporting entities and report users. While there is now more financial information available, the committee questions whether its complexity reduces its usefulness to those stakeholders who do not possess an accounting background.

An issue for the committee is whether the continuing focus on the technical quality of the information addresses the needs of the report users.

" X "

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8th July 2005

Mr. Gary Fenlon
Chair - Public Accounts Committee
Parliament House
George Street
Brisbane Qld 4000



Dear Mr. Fenlon,

From December 1999 until December 2003 I served as an external member of the Maroochy Water Services Advisory Board. Maroochy Water Services (MWS) is a commercialising business entity of Maroochy Shire Council. The Board was dissolved at short notice in December 2003 following a notification of significant irregularities in financial reporting.

This submission follows the order of issues set out in the Discussion Paper, and will focus on financial reporting transparency deficiencies of the Maroochy Shire Council since 1999/2000, as follows:

1) Information available to assess economy, efficiency and effectiveness.

Information readily available to stakeholders is primarily contained in Council's Budget Papers, audited Annual Reports, and in Queensland Local Government Comparative Information (QLGCI) issued by the Department of Local Government and Planning (DLGP) annually. Unfortunately participation in the QLGCI survey is not mandatory, enabling a council wishing to avoid comparative benchmarking and associated public scrutiny to do so without negative consequence. This is counter to the intent of National Competition Policy, particularly for commercial business entities. In my view participation in the QLGCI survey should become mandatory for all but the smallest of Queensland's rural councils.

I believe external auditing of the commercialising business units (CBUs) of Maroochy Shire Council (MSC) and unqualified Independent Audit Reports contained in Annual Reports for 2002/03 and 2003/04 are deficient. Accounting treatment of revaluations of non-current assets in 2002/03 for MWS, and in 2003/04 for Sunshine Coast Airport and Maroochy Beach Caravan Parks is not in accord with accrual accounting principles required under Local Government Financial Standards and paragraph 5.5 of AASB 1041 *Revaluation of Non-Current Assets*. Failure by both the MSC internal audit process and the external audit conducted by Queensland Audit Office to detect such significant flaws in accounting practice is most troubling. As a consequence Management Certificates included with these Annual Reports are misleading to the electorate.

2) Information available to assess specific entity performance.

See response given above.

3) Use of annual reports and other government financial reports.

Council Budget Papers and Annual Reports would be useful if prepared in a way to provide performance transparency. However flawed external auditing practices of QAO, inadequate mandatory reporting requirements of the Local Government Financial Standard, and ineffective oversight by DLGP and the Department of Natural Resources has enabled reporting by MSC to conceal improper financial practices and performance failures.

4) Information Accessibility

Information is not well publicised or readily accessible, and the little that is available requires detailed analysis by expert users. This could be partially remedied by expanding the scope of Queensland Local

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Government Comparative Information report issued by the Department of Local Government and Planning so as to highlight the performance of individual councils relative to benchmark standards based on the performance of comparable councils.

5) Financial Information in Annual Reports

This information is not adequately linked to management reporting, and reporting detail for CBUs mandated by the Local Government Financial Standard is inadequate. At present Annual Reports appear essentially marketing documents and are not designed to bring transparency to financial and operational performance.

6) Audited Financial Statements

The focus of QAO is directed solely toward compliance and recent correspondence suggests that performance needs of ratepayers are not considered by QAO and DLGP to be their responsibility.

7) Budgeted Figures

Comparison of actual performance against original budget together with meaningful variance analysis can be a powerful tool to assess performance. Lack of oversight by DLGP in ensuring format consistency between Budget Papers and Annual Reports, and failure to report actual performance against original budget in annual financial statements and statements of financial position, prevents such a use.

8) Introduction of International Accounting Standards

It is unlikely this will address the issues raised above.

9) Other relevant matters

A revision to the Local Government Financial Standard (Subordinate Legislation 2005 No.82) has just been introduced. It fails to adequately address shortcomings in Local Government Financial Standard 1994 and the Queensland Local Government Act with respect to transparency of financial reporting for CBUs, given a reluctance of DLGP to act in such matters (correspondence attached). Despite correspondence from the Coolum Beach Progress and Ratepayers over the last two years concerning Maroochy Council's failure to participate in the QLGCI survey, data provided for 2000/01 and 2001/02 remain incomplete. It is also surprising that constructive comments provided in a detailed public submission to DLGP dated 20th February 2005 (enclosed), were essentially ignored in redrafting Subordinate Legislation 2005 No.82.

Performance of Queensland Treasury as advisers to the Ministers for Queensland Competition Authority (QCA) has also been disappointing. A request for a QCA pricing oversight investigation of MWS made in May 2003 and still under review by Treasury has yet to be decided (correspondence attached).

Yours sincerely,


R.J.Koerner



Public Accounts Committee

PUBLIC ACCOUNTS COMMITTEE

Parliament House Ph: 61 7 3406 7576
George Street Fax: 61 7 3406 7500
Brisbane Qld 4000
email: pac@parliament.qld.gov.au
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Your Ref:

Our Ref: I38.05.49

11 August 2005

Mr R J Koerner
396 Swann Road
St Lucia Q 4067

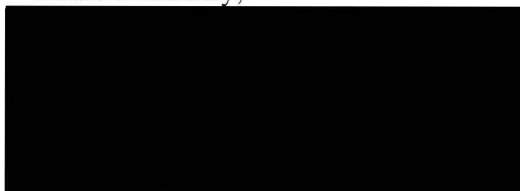
Dear Mr Koerner

I refer to your correspondence dated 29 July 2004 regarding the committee's inquiry into government financial reporting.

The committee has resolved that your correspondence is not relevant to the inquiry and is therefore unable to accept it as a submission. As a result, I am returning your correspondence to you.

If you require any further information, please do not hesitate to contact the committee secretariat on telephone 3406 7576.

Yours faithfully,



Gary Fenlon MP
Chair

Guidelines for making a submission

By asking for public submissions, the committee provides an opportunity for interested groups, private citizens and others to contribute to an important review and evaluation process. Submissions can add greatly to the knowledge the committee has about the issue. Often the public is aware of specific issues and impacts of which the committee is unaware. Public participation is an important and necessary ingredient in the committee's investigations and is an opportunity for the public to see, and take part in, the operation of parliament.

While there is no prescribed form for written submissions to a committee it is helpful to structure your submission using the inquiry terms of reference. The best submissions are to the point, supported by evidence and use plain English.

The committee will only consider written submissions. Typed or printed text is preferable, though legible hand-written submissions are acceptable.

All submissions must include:

(i) the name, (ii) a postal address and (iii) a daytime contact telephone number of the person who makes the submission.

Number the pages and, if the submission is over twenty pages long, provide a brief summary at the front and include a table of contents.

Once the committee receives a submission it becomes the property of the committee and must not be published without its permission. The committee may table submissions in the parliament or otherwise publish them.

Confidential submissions

The committee will not consider anonymous submissions though it may direct that a submission be treated confidentially. The Public Accounts Committee attempts to run its inquiries in the most open way possible. However, if you believe that your submission (or part of it) should not be made public clearly write 'CONFIDENTIAL' on each page, and, in a brief covering letter explain why your submission should be treated confidentially.

Further information

Please send your submission to:

The Research Director
Public Accounts Committee
Parliament House
George Street
Brisbane Q 4000

Submissions close on Friday, 8 July 2005

Extensions to the closing date may be given. If you need more time to make a submission, or for further information about the inquiry, please contact the committee secretariat on:

Phone: 07 3406 7576
Email: pac@parliament.qld.gov.au
Fax: 07 3406 7500

This paper and other Public Accounts Committee publications are available on the Internet via the Queensland Parliament's home page at:

<http://www.parliament.qld.gov.au/committees>

Committee Members

- > Mr Gary Fenlon MP (Chair), Member for Greenslopes
- > Mr Marc Rowell MP (Deputy Chair), Member for Hinchinbrook
- > Ms Bonny Barry MP, Member for Aspley
- > Ms Jan Jarratt MP, Member for Whitsunday
- > Mr John-Paul Langbroek MP, Member for Surfers Paradise
- > Mrs Rosemary Menkens MP, Member for Burdekin
- > Mr Craig Wallace MP, Member for Thuringowa

Secretariat

- > Leanne Clare, Research Director
- > Deborah Jeffrey, Senior Research Officer
- > Michelle Benham, Executive Assistant



"W"

Your ref:

Our ref:

00-2313

Mr J Beh (07) 3405 1123

7 April 2005

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

Dear Mr Brown

Thank you for your letter dated 6 April 2005 detailing additional comments on your reporting concerns in respect of the Maroochy Shire Council.

I cannot add any further to the advice previously provided by Mr Beh in his letter of 31 March 2005.

From an audit perspective, the accounting treatments used by the Council for the asset revaluations have been in accordance with the relevant Australian Accounting Standards in place at the time. In particular, paragraph 5.5 of AASB 1041 *Revaluation of Non-Current Assets* is relevant to the accounting treatment for net revaluation increments and decrements within the Council's accounts.

The confidentiality provisions of the *Financial Administration and Audit Act 1977* (section 92) prevents me from going into the detail of Council transactions. However, I can assure you QAO has fully and objectively investigated the matters you have raised and found no evidence to support further action by this office.

Yours sincerely



M O'GRADY
Acting Director of Audit

11/7/04

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

26th February 2004

Mr. M O'Grady
Acting Director of Audit
Queensland Audit Office
GPO Box 1139
Brisbane Qld. 4001

Dear Mr. O'Grady,

Maroochy Council's 2002/2003 Annual Report was only very recently been made available to the electorate. Considering provisions of the Local Government Act (LGA) that require Council to approve this Annual Report by the end of November, our members were surprised at the delay in publication. Even more surprising is the unqualified audit opinion of your contract auditor, Mr. T.Cronin of BDO Kendalls, appearing on page 57 of this Annual Report.

The Association is concerned that this opinion may be misleading to the electorate. Grounds for these concerns include the following:

1. There is substantial loss of transparency in financial reporting from levels of detail reported in the 2000/2001 Annual Report and 2002/2003 Budget Papers. This appears to be a failure to implement a provision of Council's Corporate Plan that is in breach of LGA Clause 519 (2) a.
2. Reporting formats used in the 2001/2002 and 2002/03 Annual Reports differ from that used for Budget Papers, preventing meaningful comparison between actual and budgeted financial performance. This is an additional loss in transparency also in breach of Clause 519 (2) a.
3. There is a Statement of Financial Performance for Maroochy Water Services that does not comply with provisions of the LGA Financial Standards.

Maroochy Council established an Internal Audit Committee chaired by the Mayor Cr. Grosse that has the Deputy Mayor Cr. Thompson as another member. Both Councillors are now running for election as Mayor at the forthcoming Local Government elections. The audit issues raised above suggest that this Internal Audit Committee has not been effective in protecting the interests of ratepayers.

The Association is aware that Mr. Cronin has also been attending Council's Internal Audit Committee meetings. This appears a breach in prudent governance practice that casts doubt on the independence of the external audit process.

We understand that the Association's Treasurer, Dr. Richard Koerner, has communicated with your office over public interest concerns regarding the transparency of Maroochy Water Services financial reporting. Last week we were informed by the Under Treasurer that our request for a prices oversight investigation of Maroochy Water by the Queensland Competition Authority is under review. With Local Government elections to take place in late March, we trust you will consider the above concerns regarding unqualified audit opinions appearing in Council's 2001/2002 and 2002/03 Annual Reports promptly, and correct external audit statements that may be misleading to the public.

Yours sincerely,

Peter M. Brown
President - Coolum Beach Progress and Ratepayers Association Inc.

Cc: The Hon Minister Local Government and Planning