JJ

6 January 2008

Mr Robert Needham
Chairperson
Crime and Misconduct Commission (CMC)
GPO Box 3123, Brisbane Qld. 4001

Dear Mr Needham,

Re: Prices oversight complaint of 13 April 2006 (Refs MI-06-1131)

I refer to your letter of 12 December 2007 in response to the Association's request dated 4 December for a Client Services Review of the CMC's treatment of the complaint of 13 April 2006. In that correspondence it is stated that *"While you have suggested that the Council and the MWS may have provided Treasury with misleading information, the information available to us does not reasonably raise a suspicion of misconduct in that regard."*

In the letter to the Association dated 19 November 2007, the Director Complaints Services stated the following: *"We further note that the Queensland Treasury has also advised the Association that its review of Maroochy Water Services' financial performance was completed in early 2007. The CMC has not been advised by Queensland Treasury of any possible official misconduct concerns arising from the review"*. It is surprising that the letter from the Treasurer dated 16 November, that was an attachment to the CRA's letter to CMC dated 4 December cited above, was silent on the matter of completion of the updated financial performance review completed by Treasury.

Although Treasury has advised that external auditors concluded the 30 June 2003 revaluation of MWS assets was fair and reasonable, that revaluation was not significant relative to the grossly overstated estimates of regulatory capital base quoted by the Ministers in their letter to the Association dated 25 September 2004 (Ref TRO-06280). As the attached letter to the Under-Treasurer shows, average annual returns on regulatory assets have been in fact greater than 20% for the years 1999/00 to 2004/05. More than double the level considered reasonable.

Given Treasury's central role in providing flawed advice to the Minister's QCA that was used in the letter of 25 September 2004 and as the basis for the decision of the Ministers QCA of June 2005, our members do not consider that the advice quoted by the Director Complaints Services is independent. It is the view of the Association that acceptance of such advice without independent verification of possible official misconduct by any of the parties involved, including Treasury, cannot be relied upon. Further, information supplied by the Ombudsman suggests that complaints involving Ministers and Cabinet can't be dealt with.

It appears then that this complaint cannot be investigated by the Ombudsman, as has been suggested by the Director Complaints Services in letters dated 7 June and 8 August 2006, and 19 November 2007. If that is the case, the public interest of residents and ratepayers of Maroochy Shire has not been well served by the CMC in this instance.

Yours sincerely,

Peter Brown, Secretary, Coolum Residents Association

Attached: Letter from Association to the Under-Treasurer dated 12 April 2006