

From: [Richard Koerner](#)
To: [Catherine Barker](#)
Subject: Supplementary correspondence relating to 2012/13 SEQ prices monitoring investigation
Date: Monday, 24 June 2013 12:14:29 PM
Attachments: [Councilpricesoversight2.pdf](#)

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,

Further to the communication of 29 May regarding prices oversight obligations of councils for water services commercial business entities, attached is an extract copied from Maroochy Water Services Advisory Board papers citing relevant legislation.

It is suggested that under the Local Government Act, Maroochy Council (and SCRC) have statutory obligations as regulator regarding non-current asset valuations and determination of the regulatory capital base for MAR assessment in establishing budgeted revenues.

It should also be noted that this attachment is a public document.

Kind regards,

Richard Koerner
Cc Councilpricesoversight2.pdf

SEPTEMBER
QUARTERLY REPORT

**9.4 – MWS Planning Cycle
Business Planning, Budgetary and
Performance Reporting – Annual Program**



A Business Unit of Maroochy Shire Council

**Advisory Board
Meeting
28 November 2002**

1.0 PURPOSE OF THIS DOCUMENT

The purpose of this document is to:

- Outline the statutory documentation and reporting requirements for Maroochy Water Services as a commercialised water service provider; and
- Outline an annual planning and reporting cycle to facilitate timely delivery of the required documentation.

2.0 STATUTORY REQUIREMENTS

Maroochy Water Services is required to prepare, contribute to, or update, a number of key accountability documents on a regular basis.

As a commercialised business unit of a Queensland Local Government, the **Local Government Act** requires:

- An **Annual Performance Plan** is to be incorporated in Council's Operations Plan which in turn is based on Council's Corporate Plan;
- Council's **Annual Budget** to include estimated costs for each commercialised business unit and such estimates to be consistent with Council's Operations Plan and Corporate Plan;
- **Quarterly reporting** to Council on progress against budget (which by deduction implies quarterly reporting against the commercialised business unit's performance); and
- **Annual Statement of Operations** is to be incorporated in Council's Annual Report.

As a registered Water Service Provider the **Water Act 2000** requires:

- **Customer Service Standards**, issued to all customers;
- **Strategic Asset Management Plan**, approved by Regulators;
- **Service Area Maps**, annually updated;
- Annual **internal reviews** of Customer Service Standards and Strategic Asset Management Plan performance;
- **Annual Report** based on review of Customer Service Standards and Strategic Asset Management Plan performance; and
- **External audit** of Strategic Asset Management Plan (as required by the Regulator, could be every 1 to 3 years).

As an agency carrying out environmentally relevant activities the **Environmental Protection Act** requires:

- **Licensing** for Level 1 activities (eg sewage treatment, effluent disposal and disposal of water treatment wastes) which generally requires site based management plans and annual performance reporting;
- **Approval** for Level 2 activities (eg water treatment wastes); and
- **Integrated Environmental Management Systems** as part of licensing for a single environmental authority.

Under the **Environmental Protection (Water) Policy**:

- **Environmental Management Plans** for sewage, trade waste and water conservation (may be included as part of the Total Management Plan).

To be eligible for State Government capital works subsidies:

- A **Total Management Plan**, updated every three years, and associated 10 year financial model updated every year and approved by Department of Natural Resources and Mines.

15th December

Additional reporting and documentation is also required for voluntary benchmarking exercises undertaken by the Australian Non Major Urban Water Utilities.

The requirement for Maroochy Water Services to provide or contribute to these key accountability documents has to be undertaken to link with the timeframes and requirements of Council's budgetary process, corporate and operational planning process and internal approval processes.

Table 1 outlines the delivery milestones, the required content and availability of the key accountable documentation.

TABLE 1 : Statutory Reporting and Documentation Requirements of Local government Commercialised Business Units

Statutory Planning Documentation Required by Water Act 2000 and Local Government Act

Legislation	Document	Milestones	Content	Availability
Water Act 2000 s424	Customer Service Standards	<ul style="list-style-type: none"> 1st October 2002. Reviewed every year (s429). 	<ul style="list-style-type: none"> Performance indicators; and Process and procedures. 	Copy to every customer.
Water Act 2000 s408, s409	Strategic Asset Management Plan	To Regulator by 1st October 2002, updated every 2 to 5 years.	<ul style="list-style-type: none"> Services and infrastructure details; Customer Service Standards; Operations, maintenance and renewals strategies; Arrangements for financing, plan activities and services; and Certified by Registered Professional Engineer. 	To Regulator and external auditor.
LGA s580(1)	Annual Performance Plan (CBU)	<ul style="list-style-type: none"> May be amended up until 30th June of year it applies to. Included in local governments' Operational Plan see s508. 	LGFSS81 <ul style="list-style-type: none"> Financial and non-financial performance targets; Nature and extent of Customer Service Obligations; Costing and funding for Customer Service Obligations; Objectives and functions; Nature and scope of activities; Capital structure and treatment of surpluses; Major investments; Outstanding and proposed borrowings; Policy on level and quality of services; Delegations to achieve management autonomy and authority; and Type of information to be given in reports. 	Included in Council's Operational Plan.
LGA s508	Operational Plan (Maroochy Shire Council)	Annually before start of following year and in time to allow preparation of budget.	LGFSS18 Comply with Corporate Plan include Annual Performance Plans for Commercialised Business Units.	Public inspection and purchase.
LGA s504 to 507	Corporate Plan (Maroochy Shire Council)	4 year plan updated annually.	LGFS s15 to 17.	Open for inspection 30 days before adoption, then available for inspection and purchase.

Legislation	Document	Milestones	Content	Availability
LGA s518 to s524 and LGFS s26 to 31	Annual Budget	<ul style="list-style-type: none"> Based on Operational Plan. Adopted after 31st May and before 1st September. 	<p>Estimated costs for Commercial Business Units consistent with Operational Plan and Corporate Plan.</p> <p>LGFS s26 to 31:</p> <ul style="list-style-type: none"> Prepared on an accrual basis; In an approved form; Balanced; Amended by resolution; and Presented at a budget meeting. 	Public inspection and purchase.
Water Act 2000 s451	Service Area Maps	Updated annually.	<ul style="list-style-type: none"> Location of infrastructure; and Limits of service area. 	Public inspection and purchase.

Non-Statutory Planning Documentation

Legislation	Document	Milestones	Content	Availability
	Total Management Plan	<ul style="list-style-type: none"> Updated every 3 years Financial plan updated every year Department of Natural Resources and Mines approval before subsidy application 	<ul style="list-style-type: none"> See Department of Local Government and Planning – Local Governing Bodies Capital Works Subsidy Scheme administrative arrangements and requirements for Total Management Plan; and See Department of Natural Resources and Mines' Total Management Plan Guidelines 	

Reporting Compliance as Required by Water Act 2000 and Local Government Act

Legislation	Document	Milestones	Content	Availability
Water Act 2000 s415	Internal Review of Strategic Asset Management Plan	<ul style="list-style-type: none"> Outcome included in Annual Report; Every 1 to 2 years as specified by Regulator; and Strategic Management Plan updated within 30 days 	Evaluation of Plan against best-practice industry standards.	Outcomes and how matters raised will be addressed, included in Annual Report.
LGA s512	Quarterly Report on Evaluation of Activities	Every 3 months.	Progress towards implementation of Operational Plan and Corporate Plan.	To Council meeting.
LGA s531	Annual Local Government Report	<ul style="list-style-type: none"> 30th November adopted by Council. Within 30 business days of adoption, if included in Water Service Provider Annual Report, to Water Industry Regulator (Water Act 2000 s430(6)). 	<ul style="list-style-type: none"> Financial Statements; Audit Report; and Performance against Operational Plan and Corporate Plan. 	Public inspection and purchase.
LGA s581(1)	Annual Statement of Operations for Commercialised Business Unit	Annual Statement of Operations included in Council's Annual Report.	<ul style="list-style-type: none"> Performance against Annual Performance Plan; Amendments to Annual Performance Plan; Community Service Obligations and other directions; and Financial position – operating surplus, deficits and progress. 	Included in Council's Annual Report.

Legislation	Document	Milestones	Content	Availability
LGFS s115	↑ Disclosure of Cross-Subsidies	<ul style="list-style-type: none"> • Include in Local Government Annual Report. 	<ul style="list-style-type: none"> • Category 2 water authorities must identify and disclose cross-subsidies to comply with guidelines¹ for the following classes of consumers: <ul style="list-style-type: none"> a) domestic charges; b) commercial consumers; c) industrial consumers; d) another class decided by the entity; and e) other consumers. 	Public inspection and purchase.
LGFS s117	↑ Disclosure of Customer Service Obligations (CSOs)	<ul style="list-style-type: none"> • Include in Local Government Annual Report. 	<ul style="list-style-type: none"> • Disclose Community Service Obligations and the cost of, less any revenue, arising from carrying out the obligations. 	Public inspection and purchase.
Water Act 2000 s430	Annual Report (Water Service Provider)	<ul style="list-style-type: none"> • Every year to Regulator. • 120 business days after end of financial year if not included in Local Government's Annual Report. • Within 30 days of adoption if included in Local Government Annual Report. 	Water Act 2000 s430 (3) for SAMP: <ul style="list-style-type: none"> • Performance against Strategic Asset Management Plan; • Actions taken and funding applied to implement Strategic Asset Management Plan; • Outcomes of review of Strategic Asset Management Plan and subsequent action; and • Summary of audit findings. Water Act 2000 s430(4) for CSS: <ul style="list-style-type: none"> • Performance against Customer Service Standards; and • Outcome of review of Customer Service Standards and subsequent action. 	Public inspection and purchase. Water Act 2000 s430(7).
Water Act 2000 s430(1)	SAMP Annual Report			
Water Act 2000 s430(2)	Customer Service Standards Annual Report			
Water Act 2000 s417	External SAMP Audit	<ul style="list-style-type: none"> • To Regulator within 30 business days after its completion; and • Every 1 to 2 years as specified by the Regulator. 	<ul style="list-style-type: none"> • Verification of accuracy of performance data; and • Assessment of service provider's technical ability to comply with SAMP. 	Public inspection and purchase. Water Act 2000 s417(3c).

Reporting Compliance to Environmental Protection Act and Subordinate Regulations and Policies

Legislation	Document	Milestones	Content	Availability
EPA s39(1)	Application for Environmental Authority	<ul style="list-style-type: none"> • Before carrying out Level 1 or Level 2 environmentally relevant activity. 	<ul style="list-style-type: none"> • In an approved form. • Environmental Protection Regulation Schedule 1 specifies: <ul style="list-style-type: none"> • Item 15: Sewage Treatment = Level 1 ERA. • Item 16: Water Treatment Plant = Level 2 ERA. 	EPA
	Environmental Authority (Licence)		EA licence may require: <ul style="list-style-type: none"> • Integrated Environmental Management System (IEMS); • Site-Based Management Plans; • Trained operators; and • Maintenance of plant, equipment and measures. 	

¹ Guidelines for identification and measurement of cross-subsidies – NR&M.