



INFORMATION

Shire of Gnowangerup

2011 ASSET MANAGEMENT SYSTEM REVIEW

On 31 May 2013, the Economic Regulation Authority (**Authority**) received a report prepared by Cardno (**Cardno Report**) on the Shire of Gnowangerup's (**Shire**) progress towards rectifying the deficiencies identified in the asset management system review (**Review**) of the Shire's water services operating licence for the three years to 30 November 2011 (**2011 Review**).

The Cardno Report findings indicate that the Shire has not rectified any of the deficiencies since the 2011 Review Report, and the associated post-review implementation plan, was provided to the Authority in July 2012.

Action by the Authority

After considering the 2011 Review Report, the Authority decided to maintain the period of time until the next Review at 36 months, subject to the Shire rectifying the deficiencies included in the post-review implementation plan by March 2013. After considering the Cardno Report, the Authority has reviewed that decision and has now reduced the period of time until the next Review to 24 months. The next Review will cover the period from 1 December 2011 to 30 November 2013, with the report on the Review to be provided to the Authority by 28 February 2014.

The Authority has informed the Shire that it expects the deficiencies identified in the post-review implementation plan to be rectified by the next Review.

BACKGROUND TO THE AUTHORITY'S DECISION

Previous Asset Management Review

The Authority published the 2011 Review Report for the Shire's sewerage and non-potable water services licence, on 3 August 2012. The Report disclosed deficiencies in the Shire's Asset Planning, Asset Maintenance, Risk Management, Contingency Planning, Financial Planning and Capital Expenditure Planning. The post-review implementation plan prepared by the Shire included 12 recommendations to address the deficiencies.

After considering the 2011 Review Report, the Authority decided to maintain the period of time until the next Review at 36 months conditional on the Shire making adequate progress with completing the actions in the post-review implementation plan. The Shire was required to provide an independent report on their progress with the post-review implementation plan by 15 March 2013.

Authority's assessment of the Progress Report

The Cardno Report states that five of the 12 recommendations that address asset management system deficiencies have a status of "incomplete", while the remaining seven recommendations have a status of "in progress".

The Cardno Report confirms the Authority's view that the Shire needs to take urgent action to improve its standard of asset management practice; the first step is to rectify the deficiencies identified in the post-review implementation plan.

For further information contact:

General Enquiries

Paul Reid
Assistant Director Monitoring
Ph: 08 6557 7900
Fax: 08 6557 7999

Media Enquiries

Richard Taylor
Riley Mathewson Public Relations
Ph: 08 9381 2144
Fax: 08 9381 3877

LYNDON ROWE
CHAIRMAN

21/06/2013