



INFORMATION

Shire of Yilgarn

2013 ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority today published the 2013 asset management system review (**Review**) [report](#) for the Shire of Yilgarn (**Shire**). The post-review implementation plan is included in the report.

Action by the Authority

The Authority has decided to close the notice that was served on 31 July 2012 on the Shire pursuant to section 39(1) (failure to comply with licence) of the *Water Services Licensing Act 1995* (**section 39 notice**).

The Authority has also decided to increase the period of time until the next Review from 15 months to 21 months, subject to the Shire providing a satisfactory independent report to the Authority by 31 January 2014 on the progress the Shire has made to rectify the remaining deficiencies in its asset management system. The next Review will cover the period from 1 March 2013 to 30 November 2014, with the report on the Review to be provided to the Authority by 28 February 2015.

Should the Shire fail to fully address the asset management deficiencies by 31 January 2014, then the Review period will be remain at 15 months (covering the period 1 March 2013 to 31 May 2014).

Background to the Authority's decision

2011 Review

The Authority was dissatisfied with the standard of the Shire's asset management system disclosed in the previous 2011 Review, covering the 36 month period from 1 December 2008 to 30 November 2011. The Authority was of the view that the Shire did not have an effective asset management system in place for the provision of water services and for the undertaking, maintenance and operation of water services works.

The Authority decided to reduce the period of time until the next Review from 36 months to 15 months, which covered the period 1 December 2011 to 28 February 2013, and also serve the section 39 notice.

2013 Review

The Authority has considered the 2013 Review report and is of the view that the Shire has made significant progress towards addressing the process deficiencies disclosed in the 2011 Review. The Shire has either completed, or partially completed 19 of the 20 recommendations made in the 2011 Review. However, there are still some process deficiencies within the Shire's asset management system that require further attention, including:

- the Marvel Loch assets not being included in the Shire's asset register;
- the Marvel Loch assets not having operation and maintenance plans;
- the Shire failing to take compulsory water quality samples of the recycled water used for irrigation during the year 2011/12;
- the asset maintenance tasks and asset condition inspections not being recorded, pending the implementation of the Shire's new AMIS; and
- contingency plans not being tested or reviewed on an annual basis.

The Authority is of the opinion that, despite the Shire's progress with improving the effectiveness of their asset management system, there remains room for further improvement to achieve the minimum standards set out in the Authority's *Audit Guidelines: Electricity, Gas and Water Licences*.

The actions proposed by the Shire to fix the asset management deficiencies disclosed in the 2013 Review report are due to be completed by December 2013. Accordingly, the Authority has decided to request the Shire provide a report prepared by an independent expert by 31 January 2014 to confirm the deficiencies have been rectified. If the report is satisfactory, the Review period will be increased from 15 months to 21 months, which would then align the date of the 2014 Review with that of the next operational audit of the licence. Otherwise, the Review period will remain at 15 months, covering the period 1 March 2013 to 31 May 2014.

Section 39 Notice

The section 39 notice served on the Shire required the Shire to rectify the asset management deficiencies disclosed in the 2011 Review by 28 February 2013. As discussed above, the 2013 Review report shows that the Shire has made adequate progress towards rectifying the asset management deficiencies, but there are still some outstanding issues. The Authority has decided that sufficient progress has been made to merit closing the notice.

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