



Notice

31 March 2014

Shire of Coolgardie

2013 Asset Management System Review and the Notice served under section 39 of the *Water Services Licensing Act 1995*

The Authority has published the 2013 asset management system review (**Review**) report, including the post-review implementation plan, for the Shire of Coolgardie's (**Shire**) water services licence.

- [2013 Review report](#)

Action by the Authority

The Authority is of the view that the Shire's asset management system (**AMS**) did not meet the standard expected by its licence during the Review period. Consequently, the Authority has decided to maintain the Shire's Review period at 12 months. The next Review will cover the period from 1 November 2013 to 31 October 2014, with the report on the Review to be provided to the Authority by 31 January 2015.

On 19 March 2013, following the findings of the previous 2012 Review, the Authority served a notice on the Shire pursuant to section 39(1) (failure to comply with licence) of the *Water Services Licensing Act 1995* (**1995 Act**) (**Section 39 Notice**).

- [Section 39 Notice](#)

The Section 39 Notice required the Shire to rectify the asset system deficiencies listed in the Notice by 31 October 2013. The Authority is not satisfied that the Shire has made adequate progress towards addressing the deficiencies identified in the Notice. Accordingly, the Notice will remain open. The Authority has extended the date by which the Shire is required to comply with the Notice from 31 October 2013 to 31 October 2014. The Shire's compliance with the Notice will be assessed when the Authority has received the Review report covering the period ending 31 October 2014.

The Authority has informed the Shire that it will not approve any further extensions of the date by which the Shire has to comply with the Section 39 Notice. The Shire is expected to rectify all outstanding deficiencies in the Notice by 31 October 2014. Should the Shire fail to resolve the outstanding deficiencies in the Notice by 31 October 2014, the Authority is prepared to take further compliance action pursuant to section 31(4) of the *Water Services Act 2012* (**2012 Act**), which includes one or more of the following:¹

- (a) order the Shire to pay a monetary penalty determined by the Authority of up to —
 - (i) for an individual — \$30 000; and
 - (ii) for a body corporate — \$150 000;
- (b) remedy the failure to comply that gave rise to the giving of the rectification notice (with reasonable costs and expenses recoverable by the Authority);
- (c) subject to section 17(2) — amend the Shire's licence under section 17 of the 2012 Act.

¹ The licensing provisions of the 1995 Act were replaced by the licensing provisions of the 2012 Act on 1 January 2014. Under the transitional provisions of the 2012 Act, the Section 39 Notice is enforceable under section 31 of the 2012 Act.



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BACKGROUND TO THE AUTHORITY'S DECISION

2012 Review

In the 2012 Review, the auditor made 20 recommendations which all addressed process deficiencies. By the time of the 2013 Review, the Authority considers the Shire had completed 2 out of 20 recommendations. The auditor has incorporated the 18 unresolved recommendations into the 2013 Review recommendations.

2013 Review

In the 2013 Review, the auditor made 24 recommendations; 14 recommendations address process deficiencies, while 10 recommendations represent process improvement opportunities.

The combination of the incomplete actions from the 2012 Review and the new issues identified in the 2013 Review means that there are still process deficiencies within the Shire's AMS that require further attention.

The Authority is particularly concerned with the following deficiencies:

- the Asset Management Plan (**AMP**) is out of date and not fit for purpose;
- absence of documented operating instructions for the sewerage system components;
- inadequate maintenance documentation, including the information in the asset register;
- absence of a contingency plan;
- lack of documented protocols for monitoring, sample testing and reporting sewage and effluent flows;
- there has not been an assessment of the condition of the assets;
- the usefulness of the new Asset Management Information System is limited due to missing asset data;
- the level of funds in the Shire's water asset reserve account needs to be re-assessed; and
- the replacement value of the water assets in the Shire's financial plans needs to be re-assessed.

The information provided in the Review report indicates that the wastewater system is operational and meeting the levels of service required. There still remains a significant amount of work to be done before the Shire's AMS for the wastewater assets meets the required standard.

Shire's progress addressing the Section 39 Notice

The 2013 Review report is the third consecutive report that has identified significant deficiencies in the Shire's AMS. Over two years has passed since the 2011 Review was completed, during which the Shire has made inadequate progress in rectifying the deficiencies identified in the 2011 Review and the 2012 Review. The Authority's decision to serve the Section 39 Notice on the Shire following the 2012 Review was the result of the Shire's lack of action in addressing the deficiencies identified in the 2011 Review, and the new deficiencies identified in the 2012 Review.

After reviewing the 2013 Review report, the Authority's assessment is that, of the 18 deficiencies identified in the Section 39 Notice, the Shire has resolved five deficiencies, mainly resolved four deficiencies, partially



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resolved two deficiencies, and no progress has been made with seven deficiencies.²

The seven deficiencies where no progress has been made are:

- The AMP is not used in managing the assets.
- The AMP does not contain an environmental analysis.
- There are no operating instructions for the water services at present.
- The maintenance of assets is not monitored or recorded. Maintenance responsibilities are not recorded.
- A list of spare parts suppliers has not been created.
- The Shire has not prepared a contingency plan as required by its operating licence.
- Assets are not regularly inspected to foresee the replacement needs.

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² The deficiencies listed in the Section 39 Notice were prepared from issues identified in the 2012 Review and not from the recommendations. Therefore, the number of 2012 recommendations resolved is not directly comparable to the number of deficiencies resolved in the Section 39 Notice.