



# INFORMATION

## GASCOYNE WATER COOPERATIVE LTD

### OPERATIONAL AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW REPORT

The Economic Regulation Authority today published the [2011 operational audit and asset management system review report](#) for Gascoyne Water Cooperative Ltd's (GWC) water services licence. The post-audit implementation plan and post-review implementation plan are included in the audit and review report.

#### Operational Audit

The Authority considers GWC is demonstrating an acceptable level of compliance with the licence and has decided to increase the period of time until the next operational audit of the water services licence from 12 months to 24 months.

#### Asset Management System Review

The Authority is not satisfied with the standard of asset management practiced by GWC. The 2011 review is the second consecutive review that has found significant issues with the quality of the asset management system used to manage the irrigation assets. Following the 2010 review, the Authority reduced the period of time between reviews from 36 months to 12 months in response to the poor report on the asset management system, which made 24 recommendations for improvement. Since the 2010 review, GWC has only addressed one of these recommendations, and the 2011 review has disclosed there are a number of additional problems with the asset management system.

The Authority has given consideration to taking immediate enforcement action in the form of a notice (failure to comply with the licence) under section 39(1) of the Act (section 39 notice). However, the Authority has taken into account the imminent conclusion of the pipeline project and the proposed implementation of a new asset management system to manage the new pipeline assets that will be in large part replacing the existing assets.

Rather than take enforcement action at this time, the Authority has decided to maintain the period of time until the next review at 12 months. The next review report for the water services licence, covering the period 1 May 2011 to 30 April 2012 inclusive, is due to be provided to the Authority by 31 July 2012. A 12 month review period provides GWC with sufficient time to finalise the pipeline project and implement the new asset management system.

The Authority expects GWC to substantially improve the standard of asset management for its irrigation assets by the time the next review is concluded in 2012. Should this not be the case then the Authority will give serious consideration to taking further enforcement action.

A copy of the operational audit report and asset management system review report (including the post-audit implementation plan and post-review implementation plan) is available on the Authority's [website](#).

For further information contact:

**General Enquiries**

Mr Paul Reid  
Assistant Director Monitoring  
Ph: 61 8 9213 1900  
Fax: 61 8 9213 1999

**Media Enquiries**

Richard Taylor  
Riley Mathewson Public Relations  
Ph: 61 8 9381 2144  
Fax: 61 8 9381 3877

LYNDON ROWE  
**CHAIRMAN**

24 November 2011