



INFORMATION

Moama Lifestyle Villages Pty Ltd

2012 OPERATIONAL AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority today published the 2012 operational audit (**Audit**) and asset management system review (**Review**) report for Moama Lifestyle Villages Pty Ltd (**Moama**). Moama holds the operating licence for the Tuart Lakes Lifestyle Village (**TLLV**) Wastewater Treatment Plant (**WWTP**) and associated infrastructure, situated at Baldivis, 46 km south of Perth.

Action by the Authority

After considering the Review report, the Authority is of the view that Moama does not have an effective asset management system (**AMS**) in respect of the assets used to provide the water services covered by the licence. Consequently, the Authority has decided that Moama is contravening clause 17 of their operating licence (asset management system). While the asset system deficiencies are considered serious, the Authority is cognisant this is the first Review of Moama's licence, so the Authority has decided that Moama should be given the opportunity to promptly rectify the AMS deficiencies.

The Authority has decided to reduce the period of time until the next Review from 24 months to 12 months, which allows Moama sufficient time to rectify the AMS deficiencies before the next Review is completed. The next Review will cover the period from 1 October 2012 to 30 September 2013, with the report on the Review to be provided to the Authority by 31 December 2013.

With the exception of the non-compliant AMS, the Authority considers Moama's compliance with the other conditions of its licence to be adequate. The Authority has, therefore, decided to maintain the period of time until the next Audit at 24 months. The next Audit will cover the period from 1 October 2012 to 30 September 2014, with the report on the Audit to be provided to the Authority by 31 December 2014.

BACKGROUND TO THE AUTHORITY'S DECISION

Asset Management Review

The Review Report has identified major deficiencies with relation to the AMS areas of Asset Operations, Asset Maintenance, Risk Management and Contingency Planning. After considering the findings of the Review, the Authority is of the view that Moama needs to significantly improve its AMS to address critical process deficiencies in relation to these areas.

The Authority is particularly concerned with the following asset system deficiencies identified by the Review:

- Urgent modifications to the WWTP are required to address wastewater overflow incidents;
- a lack of documented operational and maintenance procedures;

- inadequate oversight by Moama of the contractor (Aquasol) that undertakes the WWTP's operational and maintenance tasks;
- a lack of effective risk management or establishment of a risk register; and
- a lack of any documented contingency plans.

The Authority notes that some of the risks presented by Moama's poor asset management practices have already been realised, with a number of WWTP overflows occurring during the final quarter of 2012. It is also a matter of concern to the Authority that TLLV staff cannot perform their normal daily visual checks on the WWTP due to health and safety concerns related to the overflows that have occurred at the WWTP.

Given the findings of the Review in relation to public health and the reliability of the WWTP, the Authority would normally give consideration to whether Moama should be issued with a notice under section 39(1) (failure to comply with licence) of the *Water Services Licensing Act 1995*. However, as this is the first Review undertaken by the licensee, the Authority considers that Moama should be given an opportunity to promptly rectify the asset system deficiencies.¹ The Authority's decision is informed by the knowledge that the management of Moama has already taken appropriate action to address the issues arising from the reported wastewater overflows.

The Authority considers that Moama needs to take immediate action to address the remaining recommendations in the post-review implementation plan. Moama also needs to take urgent action to raise, and maintain, the standard of asset management for their wastewater assets.

Operational Audit

While Moama is contravening the condition of their licence relating to the AMS, the Authority considers that Moama is achieving an adequate level of compliance in relation to all other licence obligations.

A copy of the [Audit and Review report](#), including the post-audit and post-review implementation plans, is available on the Authority's website.

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LYNDON ROWE
CHAIRMAN

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¹ This is the first Audit and Review of Moama's water licence which was granted by the Authority on 7 September 2010.