

Section 39
Water Services Licensing Act 1995
NOTICE

TO: Shire of Coolgardie
PO Box 138
KAMBALDA WA 6442

TAKE NOTICE that pursuant to section 39(1) of the *Water Services Licensing Act 1995* ("the Act"), that by no later than 31 October 2013, you are hereby required to rectify the contraventions of Operating Licence Number 13 set out in the Schedule attached to this Notice and marked with the letter "A".

You are hereby notified that if you do not comply with this Notice, then in accordance with section 39(2) of the Act the Economic Regulation Authority ("the Authority") may take one or more of the following actions:

- a. serve the Shire of Coolgardie with a letter of reprimand;
- b. subject to section 39 of the Act, order the Shire of Coolgardie to pay a monetary penalty fixed by the Authority but not exceeding \$100,000; and/or
- c. subject to section 39 of the Act, cause any or all of the contraventions to be rectified to the satisfaction of the Authority at the expense of the Shire of Coolgardie.

The Common Seal of the Economic Regulation Authority was hereto duly affixed by the Chairman of the Economic Regulation Authority on 19 March 2013:

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Member: _____

Member: _____

Attachment: Schedule of Contraventions

"A"

Schedule of Contraventions

1. Contravention of clause 17 of Operating Licence Number 13

Clause 17.1 of Operating Licence Number 13 ("Operating Licence") states:

"The licensee must provide for, and notify the Authority of, an asset management system in respect of the licensee's assets within two business days from the commencement date unless otherwise notified in writing by the Authority."

Section 36(2) of the Act states:

"An asset management system is to set out the measures to be taken by the licensee for the proper maintenance of assets used in the provision of water services and for the undertaking, maintenance and operation of water services works."

In the Economic Regulation Authority's ("the Authority") opinion, the Shire of Coolgardie ("the Shire") has contravened clause 17.1 of Operating Licence Number 13 because the *Shire of Coolgardie Report 2012 Asset Management System Review of Coolgardie Sewerage and Non-Potable Water Services* ("the Report") dated 29 January 2013 discloses that there are a number of deficiencies with the Shire's asset management system. In the Authority's opinion, the deficiencies disclosed in the Report, identified in Table 1 below, are such that the Authority considers that the Shire's asset management system does not set out measures for the proper maintenance and operation of the water services works.

Table 1: 2012 Asset Management Review Deficiencies

Reference	Asset Management Deficiency
Asset Planning	The Asset Management Plan (AMP) was developed in 2006 but has not been reviewed or updated since. The document is not used in managing the assets.
Asset Creation	The AMP does not contain procedures for asset creation. The Manager Technical Services determines the need for new assets on an annual basis.
Environmental Analysis	The AMP does not contain environmental analysis.
Environmental Analysis	Results of the effluent quality sampling should be reported to the Department of Health on a monthly basis but there is no evidence that this would take place as required. The water quality is not being adequately monitored.
Environmental Analysis	There is no flow monitoring installations to determine sewage inflow and outflow. The effluent is not being disinfected before disposal to the sports oval and parks.
Asset Operations	The collection, treatment and disposal elements are essentially automatic but the system is operated without any overall daily control. There is no designated officer to undertake the daily operation, maintenance, inspections, monitoring and recording of the system.

Asset Operations	There are no operating instructions for the water service elements at present.
Asset Maintenance	Some regular maintenance practices have been recently introduced. There is a list of regular maintenance requirements in the AMP but this full list is not implemented. The maintenance is not monitored or recorded. Maintenance responsibilities are not recorded.
Asset Maintenance	The asset register has not been created. A list of spare part suppliers has not been created.
Asset Management Information System (AMIS)	There is no asset management information system in place. The excel spreadsheets referred to in the 2011 Asset Management System Review report are not used.
Asset Management Information System (AMIS)	The Shire has implemented a local government software package 'Synergy' but due to a human error in recording the asset documents into the system, the documents cannot be sourced from the system.
Risk Management	The Shire has not undertaken formal risk assessment or analysis, nor developed strategies for their mitigation or removal.
Contingency Planning	The Shire has not prepared a contingency plan as required by its operating licence.
Capital Expenditure Planning	The Shire maintains a sewerage reserve fund and has an asset replacement program. However, assets are not regularly inspected to foresee the replacement needs.
Review of Asset Management Plan	The AMP has not been reviewed since 2006.

The Authority requires the Shire to, by 31 October 2013, take appropriate measures to rectify the asset management system deficiencies detailed in Table 1 of this Notice.