

Section 39
Water Services Licensing Act 1995
NOTICE

TO: Shire of BROOKTON
PO Box 42
BROOKTON WA 6306

TAKE NOTICE that pursuant to section 39(1) of the *Water Services Licensing Act 1995* ("the Act"), that by no later than 30 November 2013, you are hereby required to rectify the contraventions of Operating Licence Number 12 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 Brookton with a letter of reprimand;
- b. subject to section 39 of the Act, order the Shire of Brookton 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 Brookton.

The Common Seal of the Economic Regulation Authority was hereto duly affixed by the Chairman of the Economic Regulation Authority on 23 April 2013:

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Member: _____

Member: _____

Attachment: Schedule of Contraventions

"A"

Schedule of Contraventions

1. Contravention of clause 17 of Operating Licence Number 12

Clause 17.1 of Operating Licence Number 12 ("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 Brookton ("the Shire") has contravened clause 17.1 of Operating Licence Number 12 because the *Shire of Brookton Report - Asset Management System Review of Brookton Sewerage & Non-Potable Water Supply Services* ("the Report") dated 20 March 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 System Deficiencies

Reference	Asset Management Deficiency
Asset Planning	The Asset Management Plan (AMP) has not been implemented, nor has it been reviewed or updated since it was prepared in 2008. The AMP contains no asset register, asset life expectation, or condition. Consequently, formal planning for ongoing development or replacement of assets has not been undertaken.
Environmental Analysis	Since 2008, the regulatory environment section in the AMP has not been updated to account for changes in the conditions of the licence. ¹
Asset Operations	The key staff had a good working knowledge of the sewerage scheme. However, the responsible officer's position [EHO] is vacant and no operating manuals or training regime exists for the scheme.
Asset Operations	The flow meter on the inlet to the treatment plant does not function.
Asset Operations	The original design of the treatment pond has been altered by relocating the off-take pump on the same side as the intake pump. Consequently, the flow that used to travel the full 95 m diagonal length of the pond (ensuring maximum detention period) now travels 30 metres. It is uncertain whether or not the system currently treats the effluent to an appropriate level.

¹ The licences issued by the Economic Regulation Authority and the Department of Environment and Conservation have changed since 2008.

Asset Maintenance	There are generic maintenance plans included in the AMP but they have not been implemented. Maintenance is unplanned and mainly associated with repairs. Many of the maintenance items in the AMP have never been undertaken, including flushing of the collection system.
Asset Maintenance	The pump station has not been maintained adequately. All the surfaces are covered with accumulated grit and grease. Over time this layer becomes septic and corrosive, which can interfere with the operation of level control switches and can cause significant wear on the pumps.
Asset Management Information System (AMIS)	There is no formal AMIS. ² The Shire should have a system for regular updating of the asset register and asset condition, and to contain maintenance programs and documentation, summaries of flow measurement and water quality results, reports etc.
Risk Management	The AMP contains a risk assessment but it has not been reviewed and updated. Control measures should be more specific.
Contingency Planning	The AMP contains emergency procedures that are essentially contingency plans, but they have not been reviewed and updated.
Review of Asset Management Plan	The Shire does not have a formal AMIS in place and the overall management of the wastewater assets is reactive rather than proactive. The Shire has not undertaken inspections/reviews of the wastewater assets as required by the licence. The operations and maintenance documents produced by the former EHO are not actioned or kept up-to-date.

The Authority requires the Shire to, by 30 November 2013, take appropriate measures to rectify the asset management system deficiencies detailed in Table 1 of this Notice.

² The Shire files hard copy documents and has been using the spreadsheet system provided for them by the Authority, but since the departure of the previous EHO the spreadsheets have not been maintained.