



# INFORMATION

## Shire of Brookton

### 2012 ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority today published the 2012 asset management system review (**Review**) report for the Shire of Brookton (**Shire**).

#### Section 39 Notice

After considering the Review report, the Authority is of the view that the Shire does not have an effective asset management system in place in respect of the assets used in the provision of the water services covered by the licence. Consequently, the Authority is of the opinion that the Shire is contravening clause 17 of their licence (asset management system).

Due to the extent of the asset management system deficiencies identified in the Review, the Authority considers the contravention of clause 17 to be serious, and has decided to serve a notice under section 39(1) (failure to comply with licence) of the *Water Services Licensing Act 1995 (Act)* (**Section 39 Notice**).

The Section 39 Notice requires the Shire to rectify the asset management deficiencies identified in the 2012 Review report by 30 November 2013.

#### Other Action by the Authority

The Authority has decided to maintain the period of time until the next Review at 12 months. The next Review will cover the period 1 December 2012 to 30 November 2013, with the report on the Review to be provided to the Authority by 28 February 2014.

The Authority will closely monitor the progress that the Shire makes towards addressing the asset management deficiencies identified in the Review.

### BACKGROUND TO THE AUTHORITY'S DECISION

#### Asset Management Review

The Authority is concerned by the number of process deficiencies disclosed in the Review. The main areas of concern with the Shire's asset management system are that the Asset Management Plan has not been implemented; there is no detailed asset register; the condition of the scheme's assets is not being monitored or recorded; there is no procedure for regular (i.e. at least annual) inspection of the assets; there are no documented operations and maintenance procedures; maintenance is carried out on an *ad hoc* basis and it is not scheduled or recorded; and the risk register and contingency plans have not been reviewed and updated.

It is of concern to the Authority that the majority of recommendations made in the 2012 Review have been, in fact, carried forward from the 2009 Review.<sup>1</sup> The Authority further notes that recommendations relating to the asset register and asset maintenance have been carried forward from the 2006 Review without the Shire fully implementing them.

The auditor made 25 recommendations in the 2012 Review, including 20 recommendations that address process deficiencies. The Authority is of the view that the overall asset management performance of the Shire needs to be improved as a matter of priority.

Copies of the [Review report](#) and the [Section 39 Notice](#) are available on the Authority's website.

For further information contact:

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LYNDON ROWE  
**CHAIRMAN**

30 April 2013

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<sup>1</sup> The recommendations made in the 2009 Review were carried forward in the 2011 Review and the 2012 Review.