

Section 31  
Water Services Act 2012  
**RECTIFICATION NOTICE**

TO: Moama Lifestyle Villages Pty Ltd  
PO Box 6423  
EAST PERTH WA 6892

**TAKE NOTICE** that pursuant to section 31(1) of the *Water Services Act 2012* ("the Act"), that by no later than 30 September 2014, you are hereby required to rectify the contraventions of Water Services Operating Licence Number 40 ("WL40") 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 31(4) of the Act the Economic Regulation Authority ("the Authority") may, subject to section 32 of the Act, take one or more of the following actions:

- a. order Moama Lifestyle Villages Pty Ltd to pay a monetary penalty fixed by the Authority but not exceeding \$150,000;
- b. remedy the failure to comply that gave rise to the giving of this rectification notice at the expense of the Moama Lifestyle Villages Pty Ltd;
- c. subject to section 17(2) of the Act, amend Moama Lifestyle Villages Pty Ltd's licence under section 17.

The Common Seal of the Economic Regulation Authority was hereto duly affixed by the Chairman of the Economic Regulation Authority on 15 April 2014:

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Member: \_\_\_\_\_

Member: \_\_\_\_\_

Attachment: Schedule of Contraventions

## "A"

### Schedule of Contraventions

#### 1. Contravention of clause 20 of WL40

Clause 20.1 of WL40 states:

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

Section 24(2) of the Act states:

"An asset management system must include the measures to be taken by the licensee for —

- (a) the proper maintenance of the water service works of the licensee; and
- (b) the provision and operation of the water service works specified in the licence and of other water service works necessary for the provision of the water service or services authorised by the licence."

In the Economic Regulation Authority's ("the Authority") opinion, Moama Lifestyle Villages Pty Ltd ("Moama") has contravened clause 20.1 of WL40 because the *National Lifestyle Villages - ERA Asset Management System Review - Moama Lifestyle Village Final Report* ("the Report") dated 4 March 2014 disclosed a number of deficiencies with Moama'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 Moama's asset management system does not set out measures for the proper maintenance and operation of the water services works.

**Table 1: 2013 Asset Management Review Deficiencies**

Reference	Asset Management Deficiency
<b>Asset Planning</b>	Currently the Waste Water Treatment Plant ("WWTP") has 120 connections and a maximum capacity of 180 [connections]. The reviewer was advised the current projected new connection rate is approximately 50/60 per year. The WWTP could reach capacity within 12 months and given the issues of the year past the WWTP may not be effective at its rated capacity.
<b>Asset Creation</b>	The facility [WWTP] is expected to reach [its] full capacity in 12 to 18 months. A transition plan was not provided [to the auditor].
<b>Environmental Analysis</b>	The Licensee is required to submit monthly clean water analysis reports to the Department of Health ["DoH"]. Only 8 were provided to DoH [during the asset management review period].
<b>Asset Operations</b>	The reviewer was informed that a local (Tuart Lake Lifestyle Villages) staff member conducts a daily visual inspection of the WWTP. No documented evidence of these inspections was sighted and when interviewed the staff member indicated that no formal training was provided.

<b>Asset Operations</b>	Significant facility operational issues have been identified by [the new operations and maintenance contractor] TriStar Water Solutions.
<b>Asset Operations</b>	In the opinion of the reviewer it is apparent that [the previous operations and maintenance contractor] Aquasol's staffing arrangements and responsibilities were not adequate for effective asset operations.
<b>Asset Operations / Asset Maintenance</b>	<p>There is some doubt whether the previous contracted operator [Aquasol] maintained regular inspections. However, the new contractor, operating under the document Operational Service Requirements (TLB015-20131204-WWTP) sets out the inspection requirements to be performed by the contractor. It refers directly to the following actionable compliance [reporting] requirements;</p> <ul style="list-style-type: none"> <li>• Emergency Notification</li> <li>• Normal Operations Compliance</li> <li>• Treated Water Quality.</li> </ul>
<b>Asset Maintenance</b>	The system is subject to sludge build up and high levels of suspended solids which is leading to blockages causing backup of flow and subsequent overflows.
<b>Asset Maintenance</b>	Aquasol managed and undertook the planned maintenance [until 30 September 2013]. If there was an issue, an incident report should have been raised and provided to the Licensee, along with details of corrective actions. Time taken to restore the plant to normal compliant operations was to be documented as well. The Licensee has stated that in some cases an incident had occurred and the contractor had failed to notify them.
<b>Asset Maintenance</b>	The contractor for the [asset management] review period, Aquasol, did not appear to be adequately staffed and was not controlling the asset's effective operation.
<b>Asset Management Information System</b>	System documentation for users and IT operators is not adequate.
<b>Asset Management Information System</b>	Monthly reports are planned to be provided against statutory requirements in relation to service levels but not all deadlines were met.
<b>Risk Management</b>	Risk management policies and procedures are not regularly reviewed.
<b>Risk Management</b>	A risk based approach to the operation of the WWTP is reflected in the risk register but the register is not revisited on a regular basis.
<b>Risk Management</b>	The reviewer noted that several new hazards have been identified (by the new maintenance contractor), which are not included in the site's risk register.
<b>Contingency Planning</b>	<p>The Emergency Response Plan sets out clear lines of authority and responsibility for both the Licensee and the maintenance contractor.</p> <p>Backup to cover for [people who cannot be contacted] during an emergency was not clearly stated.</p>

<b>Contingency Planning</b>	A transition plan has not been developed for the upgrade of assets when the trigger point of an expansion is reached. A part of the operational budget for Tuart Lakes Lifestyle Village has been earmarked for the expansion. No particular date is recorded for the expansion.
<b>Asset Management System Review</b>	Minimal internal AMS reviews are undertaken.

The Authority requires Moama to take appropriate measures to rectify the asset management system deficiencies detailed in Table 1 of this Notice by 30 September 2014.