



# Notice

24 April 2014

## Shire of Brookton

### **2013 Asset Management System Review and the Notice served under section 39 of the *Water Services Licensing Act 1995***

The Authority has published the 2013 asset management system review (**Review**) report, including the post-review implementation plan, for the Shire of Brookton's (**Shire**) water services licence.

- [2013 Review report](#)

#### **Action by the Authority**

The Authority is of the view that the Shire's asset management system (**AMS**) did not meet the standard expected by its licence during the Review period. Consequently, the Authority has decided to maintain the Shire's Review period at 12 months. The next Review will cover the period from 1 December 2013 to 30 November 2014, with the report on the Review to be provided to the Authority by 28 February 2015.

On 23 April 2013, following the findings of the previous 2012 Review, the Authority served a notice on the Shire pursuant to section 39(1) (failure to comply with licence) of the *Water Services Licensing Act 1995* (**1995 Act**) (**Section 39 Notice**).

- [Section 39 Notice](#)

The Section 39 Notice required the Shire to rectify the asset system deficiencies listed in the Notice by 30 November 2013. The Authority is not satisfied that the Shire has made adequate progress towards addressing the deficiencies identified in the Notice. Accordingly, the Notice will remain open. The Authority has extended the date by which the Shire is required to comply with the Notice from 30 November 2013 to 30 November 2014. The Shire's compliance with the Notice will be assessed when the Authority has received the Review report covering the period ending 30 November 2014.

The Authority has informed the Shire that it will not approve any further extensions of the date by which the Shire has to comply with the Section 39 Notice. The Shire is expected to rectify all outstanding deficiencies in the Notice by 30 November 2014. Should the Shire fail to resolve the outstanding deficiencies in the Notice by 30 November 2014, the Authority is prepared to take further compliance action pursuant to section 31(4) of the *Water Services Act 2012* (**2012 Act**), which includes one or more of the following:<sup>1</sup>

- (a) order the Shire to pay a monetary penalty determined by the Authority of up to —
  - (i) for an individual — \$30 000; and
  - (ii) for a body corporate — \$150 000;
- (b) remedy the failure to comply that gave rise to the giving of the rectification notice (with reasonable costs and expenses recoverable by the Authority);
- (c) subject to section 17(2) — amend the Shire's licence under section 17 of the 2012 Act.

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<sup>1</sup> The licensing provisions of the 1995 Act were replaced by the licensing provisions of the 2012 Act on 1 January 2014. Under the transitional provisions of the 2012 Act, the Section 39 Notice is enforceable under section 31 of the 2012 Act.



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## BACKGROUND TO THE AUTHORITY'S DECISION

### 2012 Review

In the 2012 Review, the auditor made 27 recommendations. By the time of the 2013 Review, the Authority considers the Shire had completed 7 out of 27 recommendations. The auditor has incorporated the 20 unresolved recommendations into the 2013 Review recommendations.

### 2013 Review

In the 2013 Review, the auditor made 29 unique recommendations; the majority of which address process deficiencies.

The combination of the incomplete actions from the 2012 Review and the new issues identified in the 2013 Review means that there are still process deficiencies within the Shire's AMS that require further attention.

The Authority is particularly concerned with the following deficiencies:

- the Asset Management Plan (**AMP**) does not contain adequate documentation regarding the operation of the facilities of the water services
- no evidence that procedures for assessing asset condition and evaluating acquisition options have been used;
- absence of formal procedures for assessment of the condition of assets
- contingency plans are too inclusive and generic;
- the risk assessment is largely unchanged from the 2012 Review and is not sufficiently detailed;
- the financial plan is not reflected in the current financial papers; and
- documentation relating to capital expenditure planning lacks consistency.

The information provided in the Review report indicates that the wastewater system is operational and is meeting the required levels of service. There still remains a significant amount of work to be done before the Shire's AMS for the wastewater assets meets the required standard.

### Shire's progress addressing the Section 39 Notice

The 2013 Review report is the third consecutive report that has identified significant deficiencies in the Shire's AMS. The Authority's decision to serve the Section 39 Notice on the Shire following the 2012 Review was the result of the Shire's lack of action in addressing the deficiencies identified in the 2011 Review, and the new deficiencies identified in the 2012 Review.

After reviewing the 2013 Review report, the Authority's assessment is that, of the 11 deficiencies identified in the Section 39 Notice, the Shire has resolved two deficiencies, mainly resolved four deficiencies, partially resolved one deficiency, and no progress has been made with respect to four deficiencies.<sup>2</sup>

The four deficiencies where no progress has been made are:

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<sup>2</sup> The deficiencies listed in the Section 39 Notice were prepared from issues identified in the 2012 Review and not from the recommendations. Therefore, the number of 2012 recommendations resolved is not directly comparable to the number of deficiencies resolved in the Section 39 Notice.



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- The AMP has not been updated to account for changes in the conditions of the licence.<sup>3</sup>
- The position responsible for much of the asset operation is vacant, and no operating manuals or training regime exists for the sewerage scheme
- The risk assessment in the AMP has not been adequately reviewed and updated
- The contingency plans in the AMP have not been reviewed and updated

For further information contact:

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<sup>3</sup> The licensee's post-review implementation plan states that this deficiency has been completed as of 15 March 2014.