



# Notice

24 July 2015

## Shire of Koorda

### 2014 OPERATIONAL AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (**ERA**) has published the 2014 performance audit (**audit**) and asset management system review (**review**) report, and the post-audit and post-review implementation plan, for the Shire of Koorda's (**Shire**) water services licence WL21.

- [2014 audit and review report](#)
- [2014 post-audit and post-review implementation plan](#)

### Action by the ERA

The ERA is satisfied the Shire has demonstrated an adequate level of compliance with its licence conditions, and has an effective asset management system.

The ERA has decided to maintain the period of time until the next audit and review at 36 months. The next audit and review will cover the period from 1 December 2014 to 30 November 2017, with the reports on the audit and review to be provided to the ERA by 28 February 2018.

### BACKGROUND

#### Audit

The audit report disclosed a total of 19 non-compliances, of which four are no longer applicable as they occurred when the Shire's previous licence, made under the *Water Services Licensing Act 1995*<sup>1</sup> was in force. Of the remaining 15 non-compliances, 11 non-compliances relate to various obligations under the *Water Services Code of Conduct (Customer Service Standards) 2013 (Code of Conduct)*, and three non-compliances are consequential to the breaches with the Code of Conduct. The remaining non-compliance occurred because the Shire could not demonstrate that it has been complying with the prescribed timeframe to respond to development applications for developments that fall within the licence operating area.

The ERA considers all of the non-compliances disclosed in the audit relate to relatively minor administrative issues: the Shire's complaints handling process is not fully documented as per the requirements in the Code of Conduct; the Shire did not have a process to review bills<sup>2</sup> at the request of a customer; and not all prescribed information was made available to customers. Some of these administrative issues involve overlaps between other legislation applicable to local government water licensees, which appear to impose an unnecessary regulatory burden on the licensees.

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<sup>1</sup> This Act was repealed and replaced by the *Water Services Act 2012* on 18 November 2013.

<sup>2</sup> The Shire bills its customers for sewerage services through the rates; the *Local Government Act 1995* makes provision for customers to have their rates bill reviewed, and adjusted if required.



# Notice

The ERA notes that the Department of Water is currently conducting a review on local government water service licensing: the purpose is to identify ways that the regulation of small local government water licensees could be simplified. With regard to the Code of Conduct; if the ERA identifies any remaining instances of regulatory duplication, they will be put forward for consideration when the Code is next reviewed.

The Shire's post-audit implementation plan shows that the actions to address the auditor's recommendations are due to be completed by 4 January 2016. The ERA considers it both prudent and fair to allow delaying the implementation of the actions until the outcome of the Department of Water's review is known.

## Review

The auditor rated all of the 12 asset management components as effective (rated A2 or better).

The auditor made 14 recommendations in the review, all of which are process improvements, that are intended to: bring the asset management plan up to date with the licence made under the *Water Services Act 2012*; update and expand asset management documentation; and achieve overall good practice in asset management.

The Shire's post-review implementation plan states that the actions to address the recommendations are due to be completed by 4 January 2016.

For further information contact:

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