



Notice

8 September 2015

Shire of Ravensthorpe

2015 OPERATIONAL AUDIT AND ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (**ERA**) has published the report on the 2015 performance audit (**audit**) and asset management system review (**review**), and the post-audit and post-review implementation plan, for the Shire of Ravensthorpe's (**Shire**) water services licence WL34.

- [2015 Audit and Review report](#)
- [2015 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 increase the period of time until the next audit and review from 24 months to 36 months. The next audit and review will cover the period from 1 June 2015 to 31 May 2018, with the reports on the audit and review to be provided by 31 August 2018.

BACKGROUND

Audit

The audit report disclosed a total of 15 non-compliances, of which 11 non-compliances relate to various obligations under the *Water Services Code of Conduct (Customer Service Standards) 2013 (Code of Conduct)*, and four non-compliances are consequential to the failure to comply with the Code of Conduct.¹

The ERA considers the majority of the non-compliances with the Code of Conduct relate to relatively minor administrative issues that require the Shire to amend its complaints handling processes to fully comply with the Code of Conduct, develop processes to review bills at the request of its customers,² and make prescribed information available to customers. These administrative issues involve overlaps between other legislation applicable to local government water licensees and the Code of Conduct that appear to impose an unnecessary regulatory burden on the licensees.

The ERA notes the Department of Water is currently conducting a review of local government water service licensing, the purpose of which is to identify ways that the regulation of small local government water

¹ Sections 27 and 29 of the *Water Services Act 2012* require the licensee to comply with applicable legislation. The Shire's non-compliance with the Code of Conduct has resulted in a contravention of sections 27 and 29. Similarly, clauses 5.1 and 5.3 of the licence require the Shire to comply with applicable legislation.

² 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.



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licensees could be simplified. If, after the Department has concluded its review, there are still overlaps between the obligations under the Code of Conduct and other legislation, the ERA will refer them for consideration when the Code of Conduct is next reviewed.

The post-audit implementation plan provided by the Shire shows that the actions to address the recommendations are due to be completed by February 2016.

Review

The auditor has rated all 12 asset management components as effective (rated B2 or better).

The auditor has made 16 recommendations in relation to the review, all of which address process improvement opportunities. The post-review implementation plan prepared by the Shire shows that the actions to address the auditor's recommendations will be completed by June 2016.

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