



Notice

1 November 2016

Shire of Lake Grace

PERIOD OF TIME UNTIL THE NEXT ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (**ERA**) has set the period until the next asset management system review (**review**) of the Shire of Lake Grace's water services licence at 36 months. The review will cover the interval 1 December 2014 to 30 November 2017.

Background Information

2014 Asset Management System Review and Post-Review Implementation Plan

The last review of the Shire's water services licence, covering 1 December 2011 to 30 November 2014, made 10 recommendations to address asset management deficiencies. The review also found there were serious problems with the condition of the Shire's sewerage and non-potable water (effluent recycling) assets.

The ERA decided to defer its decision on the date of the next review until it received an updated post-review implementation plan in November 2015.

The updated plan provided in November 2015 stated that, because of staff shortages, the Shire had decided to extend the completion date for most of the recommendations, to February 2016.

The ERA agreed to the Shire providing another updated post-review implementation plan in April 2016.

The updated plan was received on 1 April 2016. The ERA concluded the Shire had not made sufficient progress with the review recommendations, despite the extra time it had been given, and decided to arrange for an inspection of the Shire's asset management system and the condition of the sewerage assets.¹

Inspection of the Asset Management System and Sewerage Asset Condition

The report on the inspection was received on 3 May 2016. The inspector concluded that:

[...] Significant additional input to the documentation of the Asset Management Plan, its procedures and implementation is required to rectify the deficiencies identified by the [review report in 2014].

The condition assessment of the sewerage assets found:

- The gravity collection system, pumping stations, Imhoff [tank] and sludge drying bed at the treatment plant appeared to be well maintained and in good condition.
- The condition of the treatment ponds was unchanged since the review, and were in need of urgent maintenance. Also, the vegetation on the pond banks had not been removed.
- The erosion protection layer along the foot of the treatment pond banks had not been installed.

¹ The Shire had discontinued the use of the recycled (non-potable) water system in 2014.



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The inspector also recommended the Shire enter into a formal agreement with the plumber who currently maintains the sewerage system.

The ERA decided to give the Shire another four months, until September 2016, to address the remaining issues with its asset management system, address the maintenance issues with the treatment ponds and formalise the contract with the external plumbing contractor.

The Shire was required to provide another updated post-review implementation plan and a copy of the updated asset management plan by 30 September 2016.

Documents received from the Shire in September 2016

The ERA received updated copies of the post-review implementation plan and the asset management plan on 23 September 2016. The documents were assessed by the consultant who conducted the inspection.

The consultant reported the Shire has addressed nearly all of the recommendations in the post-review implementation plan, and the supplementary recommendations in the inspection report. The unresolved recommendations call for a condition assessment of the reticulation pipes, installing erosion protection to the treatment pond banks, and other minor administrative issues.

The consultant's assessment of the updated asset management plan found:

[...] The document is well structured and adequate overall as a stand-alone asset management plan for the Shire's sewerage and non-potable water assets. [...] The document generally incorporates the comments and recommendations of the 2016 Inspection report. However, some further corrections/amendments are considered necessary.

The corrections and amendments have been provided to the Shire.

In conclusion, the ERA is of the view that the Shire has made progress with addressing the concerns about its asset management system and the condition of the sewerage assets, but further work is required.

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