



Notice

25 July 2019

Busselton Water Corporation

2019 Operational audit and asset management system review

The Economic Regulation Authority has published the 2019 operational audit and asset management system review [report](#) and the post-audit implementation [plan](#) for Busselton Water Corporation's water services licence WL3.

Busselton Water holds a water services licence to supply potable water services to the town of Busselton, including nearby Port Geographe, Siesta Park, Vasse and Wonnerup. In August 2014, Busselton Water's licence area was expanded to cover the Busselton-Capel and Blackwood groundwater areas including a two-kilometre offshore zone.

At 30 June 2018, Busselton Water supplied 13,474 connected properties.¹

The ERA's decision

Busselton Water demonstrated adequate compliance with its licence obligations and has an effective asset management system, but there are areas that need improvement.

The ERA has decided to maintain the audit and review period at 36 months. The next audit and review will cover the period 1 April 2019 to 31 March 2022, with the report due by 30 June 2022.

Background to the ERA's decision

Audit ratings

The auditor assessed 219 licence obligations applicable to Busselton Water's licence and found:²

- 132 were rated A1 (adequate controls, compliant).
- Two were rated B1 (generally adequate controls, compliant).
- 12 were rated B2 (generally adequate controls, non-compliant – minor effect on customers).

¹ This is the number of customers that Busselton Water reported to the ERA for the purpose of calculating its 2019 licence standing charge.

² Obligations 10, 14, 97, 157, 174 and 181 were identified as not applicable during the audit period and therefore were not assessed for compliance.

- One was rated B3 (general adequate controls, non-compliant – moderate effect on customers).
- 60 were rated A/NR (adequate controls, not rated for compliance as no activity took place).
- 12 were rated NP/NR (no relevant activity took place during the audit period).

There are 190 obligations applicable to water services licensees in the ERA's 2018 Water Compliance Reporting Manual. However, the audit covered two versions of the licence and both the 2013 and 2018 versions of the *Water Services Code of Conduct (Customer Service Standards)*, which accounted for the extra 29 obligations assessed during the audit.³

The audit identified 13 non-compliances, two of which were resolved during the audit period.⁴

The non-compliances relate to specific information not being provided on bills and information specified in the 2018 Code of Conduct not being provided to customers.

The ERA considers that some of the non-compliances are likely to have a material impact on customers. For example:

- Busselton Water charged interest on unpaid bills where there was an unresolved complaint directly related to that bill.
- Busselton Water did not inform customers that a complaint has been resolved and that they had a right to apply to the Water Services Ombudsman for review.
- The 'Our Customer Commitments' document did not inform customers that Busselton Water may cut off, or reduce the rate of flow of, a supply of water if a water service charge remains unpaid for 30 days after it becomes due.

Most of the other non-compliances are administrative issues that the ERA considers to be relatively minor.

Audit recommendations

The auditor made six recommendations which address the non-compliances found in the audit.^{5 6 7}

The post-audit implementation plan shows that obligation 101A was addressed by the time the plan was received by the ERA. The remaining recommendations will be actioned by December 2019.

³ On 5 February 2018, the ERA repealed the *Water Services Code of Conduct (Customer Service Standards) 2013* and replaced it with the *Water Services Code of Conduct (Customer Service Standards) 2018*.

⁴ Obligations 102 and 102A.

⁵ The auditor did not make a recommendation for two non-compliances (see footnote 4) because they were rated as non-compliant in the 2016 audit, but they were resolved in June 2018 (during this audit period).

⁶ Recommendation 06/2019 relates to two non-compliance (obligations 153 and 154).

⁷ The auditor did not make any recommendations for four non-compliances (obligations 11, 12, 156 and 158). These obligations require the licensee to comply with the Code of Conduct and other legislation applicable to the licence. These non-compliances will be resolved when Busselton Water resolves the non-compliances that breach the applicable legislation and the Code of Conduct.

Review ratings

The assessment of the 12 asset management components prescribed in the ERA's *2019 Audit and Review Guidelines: Water Licences* found:⁸

- Eight components were rated A1 (documentation adequately defined, performing effectively).
- Four were rated A2 (documentation adequately defined, performance requires some improvement).

Review recommendations

As there were no asset management deficiencies identified in the review, the auditor did not make any recommendations.⁹

Busselton Water was not required to provide a post-review implementation plan.

The ERA's assessment of the audit and review findings

Audit

The ERA considers that some of the non-compliances are likely to have a material impact on customers. Busselton Water needs to address these issues to ensure it provides customers with the information they are entitled to and does not charge interest on bills that are the subject of a customer complaint.

Review

The ERA considers that overall Busselton Water has an effective asset management system, but there is room for improvement in the performance of the asset creation/acquisition, asset operation, asset maintenance and asset management information system components. None of the components or sub-components of the asset management system were rated deficient.

Further information

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⁸ A copy of the guidelines is available on the ERA [website](#).

⁹ As per section 5.1.8 of the audit and review guidelines, the auditor is only required to make recommendations for asset management components or sub-components rated deficient - 3, 4, C or D.