



Notice

16 May 2022

Shire of Lake Grace

2021 Asset management system review

The Economic Regulation Authority has published the [2021 asset management system review report](#) and the [post-review implementation plan](#) for the Shire of Lake Grace's water services licence WL22.

The Shire provides sewerage services to 321 residential and commercial properties in the town of Lake Grace in the eastern Wheatbelt of Western Australia, about 345 kilometres from Perth.

The ERA's decision

The review report found that the Shire's asset management system needs improvement.

The ERA has decided to maintain the review period at 24 months. The next review will cover the period 1 December 2021 to 30 November 2023, with the report due to be provided by 28 February 2024.

Review findings

The assessment of the 12 asset management system processes prescribed in the ERA's *2019 Audit and Review Guidelines: Water Licences* found three asset management deficiencies: asset creation/acquisition, asset operations and contingency planning.¹

The deficiencies included:

- The asset management plan does not refer to the need for commissioning tests for significant new investments.
- The Shire has not documented safe working procedures for new assets.
- The asset register does not contain up-to-date information on the condition assessment of the access chambers.
- The Shire only has one plumber who is responsible for the regular operational activities. The Shire does not have sufficient work processes to outline how tasks should be performed by another plumber should the regular plumber become unavailable.
- The Shire's contingency plan has not been tested at least twice yearly as required under the asset management plan.

¹ A copy of the audit and review guidelines is available on the ERA [website](#).

The auditor made three recommendations to address the asset management deficiencies. The post-review implementation plan states that the Shire will address the recommendations by 31 October 2022.

The ERA's assessment of the review findings

The 2021 review found that the Shire has improved its asset management practices since the 2019 review. Seven of the 58 effectiveness criteria for the Shire's asset management system were rated deficient in this review, compared to 31 in the 2019 review.²

The 2019 review found that the Shire's asset management system was ineffective. The 2021 review found the Shire has updated its asset management plan to address most of the deficiencies identified in the 2019 review. However, there are still areas requiring improvement. Of particular concern is that the Shire is not regularly testing its contingency plans.

Further information

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² As required by section 1.5.2 of the audit and review guidelines, the auditor also provided a rating for each of the 58 asset management effectiveness criteria.