



Notice

14 December 2016

Shire of Gnowangerup

DECISION - ASSET MANAGEMENT SYSTEM REVIEW

The Economic Regulation Authority (**ERA**) has made its decision on the period of time covered by the next asset management review of the Shire of Gnowangerup's water services licence WL11.

The decision concerns the 2014 review of WL11.

The ERA's decision

The ERA has decided to set the review period at 36 months. The next review will cover the period 1 December 2014 to 30 November 2017, with the report on the review to be provided by 28 February 2018.

BACKGROUND

The 2014 review found two ineffective asset management system components: asset maintenance and financial planning. The ERA gave the Shire more time to rectify the asset management deficiencies before it made a decision on the next review period.

The Shire has since provided two post-review implementation plan updates, on 31 May 2016¹ and 1 December 2016. When the updated post-review implementation plan was received in May 2016, the ERA decided to defer its decision until it received a further update in November 2016.

By 1 December 2016, the Shire had completed one of the 2014 review recommendations, and was in the process of addressing the remaining three recommendations. Its progress can be summarised as follows:²

07/2014 - Asset Creation and Acquisition: the Shire has updated its asset management plan to reflect the *Water Services Act 2013* and the accompanying regulations.

08/2014 - Asset Disposal and Maintenance: The Shire has completed Stage 1 of rectifying defects that were identified in the July 2014 CCTV report on its reticulation system. The Shire is now updating its asset register with the condition of the reticulation assets.

¹ The first PRIP was originally due in November 2015. The ERA was subsequently notified of the Minister for Water's intention to put in place a class exemption for small local government water licensees. The Shire was not required to provide the updated PRIP, while the exemption was finalised. The Shire was not granted an exemption, and the ERA set a new deadline of 30 April 2016 for the updated PRIP.

² The numbers refer to the Shire's post-review implementation plan.



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9/2014 – Asset Maintenance, treatment ponds: The Shire has de-sludged the ponds; rebuilt the pond banks; replaced the connection pipes; and cleared vegetation in and around the ponds.

The security fencing is scheduled to be completed by 18 December 2016, and the dry sediment from the ponds is scheduled to be removed between February and March 2017.

10/2014 – Financial Planning: The Shire requires additional funding in its sewerage reserve fund - the sewerage rates have been increased in 2014-15 and 2015-16, and a further increase is planned for 2016-17, to cover the long-term funding gap.

The ERA considers the Shire has made adequate progress with the review recommendations. The review period has been set at 36 months to give the Shire sufficient time to address the incomplete recommendations.

For further information contact:

General Enquiries

Paul Reid
Phone: 08 6557 7976
Email: records@erawa.com.au

Media Enquiries

Tracy Wealleans
Work: 08 6557 7942
Mobile: 0428 859 826
Email: communications@erawa.com.au