



# Notice

4 March 2021

## Aqwest

### 2020 operational audit

The Economic Regulation Authority has published the 2020 [operational audit report](#) and the [post-audit implementation plan](#) for Bunbury Water Corporation's (trading as Aqwest) water services licence WL2.

Aqwest holds a water services licence to provide potable water to the Greater Bunbury Region. As at 30 June 2020, Aqwest supplied water services to 17,539 connected residential and business premises.<sup>1</sup>

#### *The ERA's decision*

The ERA considers that Aqwest has achieved an adequate level of compliance with its licence and has decided to maintain the audit period at 36 months. The next audit will cover the period 1 October 2020 to 30 September 2023, with the report due by 31 December 2023.

#### *Background to the ERA's decision*

#### **Audit ratings**

The audit of the 217 obligations applicable to Aqwest's licence found:<sup>2</sup>

- 124 were rated A1 (adequate controls, compliant).
- 18 were rated A2 (adequate controls, non-compliant – minor effect on customers or third parties).
- Three were rated A3 (adequate controls, non-compliant – moderate effect on customers or third parties).
- 72 were rated A/NR (adequate controls, not rated for compliance due to lack of relevant activity).

There are 190 obligations in the 2018 Water Compliance Reporting Manual. However, the audit covered obligations under two versions of the licence (version 9, from 1 July 2016 to 30 April 2020 and version 10, from 1 May 2020 and onwards) and the 2013 and 2018 versions

<sup>1</sup> This was the number of properties that Aqwest reported to the ERA for the purpose of calculating its 2020/21 licence standing charge.

<sup>2</sup> Obligations 126, 127, 129 and 170A were determined as not applicable during the audit period, and therefore were not assessed for compliance.

of the *Water Services Code of Conduct (Customer Service Standards)*, which accounts for the extra 27 obligations.<sup>3</sup>

The audit identified 21 non-compliances, seven of which were resolved during the audit period.<sup>4</sup>

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

- Compliance notices and restriction notices did not include all the information prescribed in the relevant legislation.
- Six of the non-compliances concern Aqwest not providing customers with information about complaints and its complaints procedure.

### ***Audit recommendations***

The auditor did not make a recommendation for three non-compliances (obligation 11, 12 and 156), because these obligations require the licensee to comply with the Code of Conduct and other legislation applicable to the licensee. These obligations will be resolved by the licensee addressing the other non-compliances that breach the legislation and the Code of Conduct.

The auditor made ten recommendations to address the 11 unresolved non-compliances.<sup>5</sup>

The post-audit implementation plan states that Aqwest addressed eight recommendations by the time the plan was prepared. The remaining two recommendations (8/2020 and 9/2020) will be addressed between now and March 2021.

### ***The ERA's assessment of the audit findings***

Some of the non-compliances materially affected customers. However, Aqwest self-identified most of the non-compliances during the audit period and implemented processes and procedures to address the causes of the non-compliances, as evidenced by the auditor rating the controls for all the obligations applicable to Aqwest's licence as adequate.

### ***Further information***

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<sup>3</sup> 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*.

<sup>4</sup> Obligations 95, 101A, 102, 104A, 148, 165 and 187.

<sup>5</sup> Recommendation 6/2020 covers two non-compliances (obligations 130 and 130A).