



Notice

31 March 2026

Water Corporation 2025 asset management system review

The Economic Regulation Authority has published the 2025 asset management system review report and the post-review implementation plan for the [Water Corporation's](#) water services licence WL32.

The Water Corporation is a statutory State-owned corporation that is Western Australia's principal provider of potable (drinking) and non-potable water, sewerage and drainage services to households and businesses.

Under its licence, the Water Corporation must have an asset management system that sets out the measures for the proper maintenance and operation of its assets. Periodically, the ERA appoints an independent expert (auditor) to review the effectiveness of the system. If the auditor identifies deficiencies in the system and recommends corrective actions, the ERA ensures that the licensee implements those actions.

The ERA's decision

The auditor found that the Water Corporation's asset management system is generally effective, with well-established processes and procedures. However, some deficiencies were identified, in particular that resource constraints are preventing the Water Corporation from fully implementing all planned activities, including asset maintenance and the replacement of aging assets.

In response, the ERA has required the Water Corporation to develop and implement an action plan to address the deficiencies. The ERA will actively monitor the Water Corporation's progress in implementing those actions and will conduct another review in 2028, covering the period 1 July 2025 to 30 June 2028.

Areas of special focus

The ERA uses 58 effectiveness criteria to assess a licensee's asset management system.¹ The ERA may nominate areas of special focus for a review that requires the auditor to do a more detailed assessment of the licensee's processes and procedures. For the Water Corporation's review, the ERA nominated:

- How well the Water Corporation manages plans and budgets for maintaining its assets.
- Whether customer service levels are being met.
- Whether reliable asset condition data is recorded and adequate.

¹ The 58 criteria are prescribed in the ERA's [2019 Audit and Review Guidelines: Water Licences](#).

- How asset failures are managed.

Review findings

The review found 10 deficiencies that the Water Corporation needs to address. Seven of the deficiencies relate to resourcing constraints, which have resulted in:

- Planned inspections and maintenance not being completed.
- Financial plans not being sufficient to fully address asset maintenance and replacement requirements.
- A growing backlog of maintenance work.
- Declining service performance, including more unplanned interruptions.

Other deficiencies include:

- Some asset management plans have not been updated when they should have been.
- Asset condition data is spread across multiple legacy systems and there is no single, complete source of information about the condition of assets.²
- Identifying under-used assets on an informal, case-by-case basis rather than through a consistent process, which may result in missed opportunities to improve the performance of under-used assets.

The auditor made six recommendations to address the 10 deficiencies. The actions proposed by the Water Corporation to address the auditor's recommendations are set out in its post-review implementation plan, which we have published alongside the auditor's report.

The ERA's assessment of the review findings

The review found that while the Water Corporation has plans for asset maintenance and management, resource constraints have prevented full implementation of its maintenance plans and the replacement of aging assets. As a result, performance has declined across nearly all asset management effectiveness processes since the 2021 review.

When the maintenance and replacement of assets is delayed, assets deteriorate. This increases the need for emergency repairs, which are usually more expensive and disruptive than preventative periodic maintenance. Expenditure incurred in reacting to problems means less funding is available for planned maintenance. These pressures have contributed to declining service levels.

The ERA is concerned at the number of deficiencies the auditor has identified, the growing maintenance backlog and the decline in service levels. We will monitor the Water Corporation's progress in implementing the proposed action plan and conduct another review in 2028.

Further information

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² The Water Corporation plans to implement a consolidated Asset Data Model in 2028.